

# MANAGEMENT DISCUSSION & ANALYSIS REPORT



## FAB reports Group Net Profit of AED 10.9 Billion for the first nine months of 2022, up 19% year-on-year

Third quarter net profit at AED 2.9 Billion, up 1% sequentially, up 12% on underlying<sup>1</sup> basis

“Our results in the first nine months of 2022 demonstrate excellent strategic progress with the Group delivering record revenue and net profit, and with our core businesses sustaining their positive momentum in the third quarter as they continue to capitalise on a favourable regional backdrop. With our robust fundamentals and strategic focus, we remain very well placed to deliver market-leading shareholder returns while being an engine for the region’s economic growth and diversification.”

**Hana Al Rostamani**  
Group Chief Executive Officer

### 9M'22 Key Performance Indicators

Total Income	Earnings Per Share <sup>2</sup>	Return on Tangible Equity <sup>2</sup>	Return on RWA <sup>2</sup>	CET1 ratio	Liquidity Coverage Ratio
<b>AED 18.0 Bn</b> +13% vs. 9M'21	<b>AED 1.29</b> 9M'21: AED 1.08	<b>17.5%</b> 9M'21: 15.3%	<b>2.5%</b> 9M'21: 2.3%	<b>13.1%</b> Sep'21: 13.0%	<b>171%</b> Sep'21: 124%

### Profitability supported by revenue growth in a rising rate environment, and lower provision charges; cost discipline maintained while continuing to invest in the business

#### 9M'22 highlights:

- Group Net Profit at AED 10.9 Billion, up 19% yoy; annualised Earnings per Share at AED 1.29
- Total Income at AED 18.0 Billion, up 13% yoy, driven by 18% growth in net interest income. Total income for the nine-month period includes AED 3.1 Billion net gain on sale of stake in Magnati
- Impairment charges (net) at AED 1.7 Billion, 11% lower yoy; implying an annualised cost of risk at 52 basis points improving from 65bps in the prior period
- Operating costs at AED 4.7 Billion, up 6% yoy excluding Bank Audi Egypt inclusion, reflect ongoing investments to drive growth and transformation

#### Q3'22 highlights:

- Group Net Profit at AED 2.9 Billion, up 12% qoq excluding gains recorded in Q2'22 from sale of stake in Magnati
- Operating income at AED 5.5 Billion, up 10% qoq driven by, both, higher interest and non-interest income
- Impairment charges (net) at AED 694 Million, 13% lower yoy, up 19% qoq as we continue to strengthen our provision buffers
- Operating costs at AED 1.6 Billion, up 1% qoq and 1% yoy

<sup>1</sup> Underlying income / profits exclude real estate gains/losses and gain on sale of stake in Magnati

<sup>2</sup> Annualised

## Balance sheet growth sustained through lending momentum and sizeable deposit inflows; foundation remains robust across all key metrics

- Loans, advances and Islamic financing at AED 465 Billion, up 2% sequentially and 14% year-to-date
- Customer deposits at AED 746 Billion, up 15% sequentially and 21% ytd with CASA balances increased further to AED 300 Billion, up 3% qoq and 4% ytd
- Liquidity Coverage Ratio (LCR) at 171% reflects the strong inflows and a robust liquidity position
- Improved asset quality metrics with NPL ratio and provision coverage at 3.4% and 103%, respectively
- Common Equity Tier 1 (CET1) at 13.1%, improved 48bps in the quarter on continued RWA optimisation initiatives and internal capital generation



**HANA AL ROSTAMANI**  
 GROUP CHIEF EXECUTIVE OFFICER

*“Our results in the first nine months of 2022 demonstrate **excellent progress in our strategy** to drive growth across our franchise, while underlining the resilience of regional economies against an increasingly challenging global backdrop.*

*We produced a **record net profit of AED 10.9 Billion**, up 19% from the same period last year, reflecting the strong underlying performance of our core businesses. Our robust balance sheet fundamentals are enabling us to pursue our growth and transformation journey, both, regionally and in the UAE. In Egypt, we have completed our integration activities which will enable us to unlock new opportunities for our growing base in one of our priority markets.*

*With structural market shifts and increasingly sophisticated client needs continuing to shape our focus, we are proud to **reaffirm our regional leadership position** as a trusted advisor to our clients while also delivering a digital-first, best-in-class offering to customers.*

*FAB continues to be recognised as the **Middle East’s safest bank** while also improving our ranking as the **14<sup>th</sup> safest commercial bank in the world**. This is an important recognition of our long-term adherence to the strongest standards of safety and stability.*

*Our **commitment to sustainability** continues to underline everything we do and as the attention of the world turns to COP27, we are proud to be a part of the progress by working towards a Net Zero future.*

*Looking ahead, the increasingly challenging global backdrop calls for caution, with recessionary risks looming over several economies. As we navigate these headwinds, we are nevertheless confident in the resilience of this region, and **we remain very well placed to deliver market-leading shareholder returns** while being an engine for the region’s economic growth and diversification.”*



**JAMES BURDETT**  
 GROUP CHIEF FINANCIAL OFFICER

*“The Group generated a **net profit of AED 2.9 Billion** in the third quarter of 2022, **up 12% sequentially on an underlying basis**, bringing bottom line for the nine-month period to a record AED 10.9 Billion.*

***Underlying operating performance continues to be strong** with Q3'22 revenue up 10% sequentially, supported by positive momentum across core businesses, increased client flow and cross-sell in Global Markets, and the impact of higher interest rates as we continue to significantly benefit from the shift in the rates cycle.*

*During the period, our strategic initiatives led to continued growth in CASA balances with nearly AED 100 Billion customer deposit inflows underlining our unique role as an aggregator of liquidity. Group liquidity position strengthened with Group LCR at 171%, while **Group CET1 improved sequentially to 13.1%**, owing to strong capital generation and the positive outcome of our ongoing efforts to optimise risk-weighted assets.*

*The recent reaffirmation of our AA- credit rating by Fitch is a strong testament to our superior business and credit profile, and our robust fundamentals.*

*We remain focused on maintaining balance sheet strength to **deliver on our strategic priorities to drive growth, transformation, and to deliver superior shareholder returns in 2022 and beyond.**”*

## ECONOMIC OVERVIEW AND OUTLOOK

In Q3'22, global markets continued to be under significant downward pressure, as inflation remained near multi-decade highs and geopolitical tensions escalated further. This led to a sharp rise in bond yields and sell-off in equities towards the latter part of the quarter as financial markets priced in a more hawkish trajectory for policy rates with major central banks reiterating their aggressive stance on bringing inflation under control.

In contrast, the UAE economy is expected to register its highest real GDP growth in over a decade buoyed by higher oil output, relatively moderate inflation, recovery across key economic sectors including real estate and tourism, and ongoing structural reforms to drive economic growth and diversification. The underlying strength of the UAE economy was also highlighted by the highest quarterly average levels of PMI registered in over 3 years, during the quarter. Our forecast for UAE real GDP growth in FY'22e is 6.7% (vs a previous expectation of 5.7%), consolidating to around 5.0% for FY'23e. Moreover, the robust nature of the UAE and Abu Dhabi government's balance sheet are expected to lead to a return to fiscal surplus status in FY'22e and FY'23e. Although not immune to global headwinds, we believe economic activity in the UAE and broader GCC region will continue to outperform the global backdrop.

## Q3/ 9M'22 SUMMARY FINANCIALS

Income statement - summary (AED Mn)	Q3'22	Q2'22	QoQ %	Q3'21	YoY %	9M'22	9M'21	YoY %
Net interest income	3,653	3,390	8	3,141	16	10,177	8,622	18
Non-interest income	1,841	1,587	16	3,270	(44)	4,751	7,363	(35)
<b>Operating income</b>	<b>5,494</b>	<b>4,977</b>	<b>10</b>	<b>6,411</b>	<b>(14)</b>	<b>14,929</b>	<b>15,986</b>	<b>(7)</b>
Gain on Magnati stake sale (incl fair valuation of retained interest)	-	288	na	-	na	3,094	-	na
<b>Total Income</b>	<b>5,494</b>	<b>5,265</b>	<b>4</b>	<b>6,411</b>	<b>(14)</b>	<b>18,022</b>	<b>15,986</b>	<b>13</b>
Operating expenses	(1,601)	(1,589)	1	(1,587)	1	(4,705)	(4,357)	8
<b>Operating profit</b>	<b>3,893</b>	<b>3,677</b>	<b>6</b>	<b>4,824</b>	<b>(19)</b>	<b>13,318</b>	<b>11,629</b>	<b>15</b>
Impairment charges, net	(694)	(582)	19	(796)	(13)	(1,733)	(1,943)	(11)
Non-controlling interests and taxes	(276)	(189)	46	(175)	58	(636)	(478)	33
<b>Net Profit</b>	<b>2,923</b>	<b>2,906</b>	<b>1</b>	<b>3,854</b>	<b>(24)</b>	<b>10,949</b>	<b>9,207</b>	<b>19</b>
Basic Earnings per Share (AED)	1.00	1.03	(2)	1.35	(26)	1.29	1.08	19

Balance sheet - summary (AED Bn)	Sep'22	Jun'22	QoQ %	Sep'21	YoY %	Dec'21	Ytd%
Loans, advances & Islamic financing	465	459	2	403	15	410	14
Investments	198	186	6	190	4	191	3
Customer deposits	746	648	15	606	23	615	21
CASA (deposits)	300	291	3	272	11	288	4
Total assets	1,146	1,042	10	984	17	1,001	15
Equity (incl Tier 1 capital notes)	112	111	1	109	3	113	(0)
Tangible equity	81	80	2	78	4	82	(0)
Risk-weighted assets	584	595	-2	573	2	579	1

Key Ratios (%)	Q3'22	Q2'22	QoQ (bps)	Q3'21	YoY (bps)	9M'22	9M'21	YoY (bps)
Net interest margin (NIM)	1.50	1.57	(7)	1.56	(6)	1.53	1.52	1
Cost-income ratio (ex-integration costs)	28.7	31.2	(254)	24.2	446	30.9	26.7	420
Cost of risk (bps) (loans, advances & Islamic financing)	60	52	8	81	(20)	52	65	(12)
Non-performing loans ratio	3.4	3.6	(14)	3.9	(52)	3.4	3.9	(52)
Provision coverage	103	100	305	101	136	103	101	136
Liquidity coverage ratio (LCR)	171	135	large	124	large	171	124	large
Return on tangible equity (RoTE)	13.8	14.1	(28)	19.7	(587)	17.5	15.3	220
Return on risk-weighted assets (RoRWA)	2.0	2.0	(1)	2.7	(77)	2.5	2.3	23
CET1 ratio	13.1	12.6	48	13.0	15	13.1	13.0	15
Capital adequacy ratio	16.1	15.6	52	15.9	16	16.1	15.9	16

### Notes:

- Cost-income ratio for 9M'22 and the quarters in 2022 excludes Magnati-related gains booked during 2022
- 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
- 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](#)
- These results include financials of Bank Audi Egypt (BAE) effective post legal day 1 on 28 April 2021. As a result of the purchase price allocation (PPA) exercise, the 2021 comparative information has been restated to reflect the adjustments to the assumed carrying amounts. Refer to note #32 in the financials for the period ended 30 September 2022.
- Rounding differences may appear in above table

## OPERATING PERFORMANCE

Operating income (AED Mn)	Q3'22	Q2'22	QoQ %	Q3'21	YoY %	9M'22	9M'21	YoY %
Net interest income	<b>3,653</b>	3,390	8	3,141	16	<b>10,177</b>	8,622	18
Non-interest income	<b>1,841</b>	1,587	16	3,270	(44)	<b>4,751</b>	7,363	(35)
Fees & commissions, net	<b>624</b>	699	(11)	696	(10)	<b>2,098</b>	2,128	(1)
FX and investment income, net	<b>1,192</b>	828	44	2,380	(50)	<b>2,485</b>	4,675	(47)
Other non-interest income	<b>26</b>	60	(57)	194	(87)	<b>168</b>	561	(70)
<b>Total operating income</b>	<b>5,494</b>	<b>4,977</b>	<b>10</b>	<b>6,411</b>	<b>(14)</b>	<b>14,929</b>	<b>15,986</b>	<b>(7)</b>

Operating income for the nine-month period ended 30 September 2022 (9M'22) was AED 14.9 Billion, lower by 7% year-on-year or by 4% on an underlying basis due to exceptional trading gains in 2021 which were not repeated. For the third quarter ended 30 September 2022 (Q3'22), operating income was AED 5.5 Billion, up 10% sequentially, led by higher net interest and non-interest income.

Net Interest Income (including Islamic financing income) (NII) was AED 10.2 Billion in 9M'22, up 18% year-on-year, reflecting the benefits from strong business volumes, higher interest rates and the positive impact of the inclusion of Bank Audi Egypt (BAE). Although net interest income for Q3'22 was up 8% sequentially, calculated NIM was 1.50%, lower sequentially, as interest rate tailwinds were offset by the dilutive effect of higher short-term placements with central banks. Net Interest Margin (NIM) for the nine-month period in 2022 was 1.53% compared to 1.52% in 9M'21.

Fees & Commissions at AED 2.1 Billion in 9M'22, are broadly flat year-on-year, yet up 11% when excluding the impact of deconsolidation of Magnati in Q1'22. This was led by double-digit growth in loan-related fees on strong volumes and pipeline execution in Investment Banking (IB) and Corporate and Commercial Banking (CCB). Q3'22 fees and commissions were lower by 11% sequentially primarily due to a stronger prior quarter in IB & CCB on loan-related and advisory fees, partially offset by higher fees in Consumer Banking (CB) led by credit cards.

FX and investment income improved 44% sequentially in Q3'22, driven by increased client flow and cross-sell in Global Markets as well as opportunistic trading gains during the period. 9M'22 FX and investment income was 47% lower year-on-year due to exceptional trading performance in 2021 which was not repeated.

Other non-interest income was lower in 9M'22 as compared to prior year period primarily due to real estate gains in 9M'21 which did not recur in 2022.

Overall, non-interest income stood at AED 4.8 Billion in 9M'22, contributing 32% to operating income.

Operating expenses excluding BAE and integration-related expenses, were up 1% sequentially in Q3'22 and up 6% year-on-year in 9M'22, reflecting disciplined expense management amidst ongoing investments in strategic and digital initiatives to drive growth and transformation, and to build a future-proof bank. The Group's cost-to-income ratio excluding Magnati-related gains improved to 30.9% in 9M'22 (32.2% in H1'22).

## ASSET QUALITY

**Non-Performing Loans** decreased 3% in Q3'22 to AED 16.3 Billion as of September-end 2022 reflecting subdued gross NPL formation and write-offs. NPL ratio improved to 3.4% from 3.6% at the end of the previous quarter, further helped by higher loan balances.

**Net impairment charges** were AED 1.7 Billion in 9M'22, lower by 11% year-on-year. They were up by 19% sequentially in Q3'22 to AED 694 Million as we continue to build up provision buffers amidst volatile global market conditions. Consequently, total ECL/provisions<sup>3</sup> increased to AED 16.8 Billion with provision coverage ratio improving to 103% (vs 100% at June-end 2022). Annualised cost of risk stood at 52 basis points as compared to 65 basis points in 9M'21 and well below FY'22 guidance.

## BALANCE SHEET TRENDS

**Total assets** grew 10% sequentially and 15% year-to-date to over AED 1.1 Trillion led by lending growth and sizeable deposit inflows which were largely placed with central banks.

**Loans, advances and Islamic financing (net)** were AED 465 Billion, up 14% year-to-date (+AED 56 Billion) marking record lending growth for the Group over any previous nine-month period reflecting healthy pipeline execution driven by core corporate clients and government and government entities in the UAE. Loan growth remained positive in Q3'22, up 2% sequentially, driven by increased trade-related lending offsetting several repayments during the quarter.

**Customer deposits** added AED 98 Billion (+15% sequentially) during the quarter to reach AED 746 Billion, on healthy inflows reflecting FAB's role as an aggregator of liquidity and as the primary banker to the Government of Abu Dhabi and its related entities. CASA balances continued to grow in Q3'22 to reach AED 300 Billion, driven by new cash management mandates and strategic initiatives.

The Group's **liquidity position** remained strong with September-end 2022 Liquidity Coverage Ratio (LCR) at 171% as compared to 134% at December-end 2021, comfortably in excess of the Basel III minimum regulatory requirement of 100%.

FAB has raised AED 8.1 Billion (USD 2.2 Billion equivalent) of **senior wholesale funding** in the nine-month period ending 30 September 2022 at a competitive pricing across multiple formats, successfully navigating extremely volatile markets on the back of concerns around inflation, rates and recession. In early October, FAB further issued a USD 700 Million 5-year public green bond, which is FAB's third public green bond in 2022 and the largest ever Green Bond issuance by a MENA bank.

The Group continued to focus on its **Green and Sustainable-linked funding** activity by issuing USD 1.5 Billion equivalent in Green format year-to-date across both public and private transactions. FAB remains a regional and global leader in the Green Bond market with Green Bonds outstanding of over USD 2.25 Billion equivalent across 13 issuances and 5 different currencies.

## EQUITY, CAPITAL AND RETURNS

**Total shareholders' equity** (including Tier 1 capital notes) at AED 112 Billion was up 1% sequentially. Basel III **Common Equity Tier 1 (CET1)** ratio improved 48bps sequentially to 13.1%, driven by profit accretion and risk optimisation initiatives, partially offset by adverse movements in fair value reserves on the investment portfolio due to market volatility. Group CET1 stands comfortably above the minimum regulatory requirement of 11%. **Capital adequacy** and **Tier 1 capital** ratios were 16.1% and 15.0% as of September-end 2022, versus 15.6% and 14.5% respectively as of June-end 2022 and 15.4% and 14.3% respectively, as of December-end 2021.

Annualised **Return on Tangible Equity (RoTE)** and **Return on Risk Weighted Assets (RoRWA)** improved to 17.5% and 2.5% for 9M'22, compared to 15.3% and 2.3% respectively for 9M'21. Underlying RoTE, excluding Magnati-related capital gains, was 12.4% for (9M'22).

<sup>3</sup> ECL/Provisions are defined as ECL on loans, advances and Islamic financing + ECL on unfunded exposures + IFRS9 impairment reserves

## BUSINESS PERFORMANCE<sup>4</sup>

AED Mn	Q3'22	Q2'22	QoQ %	Q3'21	YoY %	9M'22	9M'21	YoY %	9M'22 Contr%
<b>Operating income</b>	<b>5,494</b>	4,977	10	6,411	(14)	<b>14,929</b>	15,986	(7)	<b>100%</b>
<i>Operating income by business segment</i>									
Investment Banking (IB)	2,337	2,135	9	3,643	(36)	6,346	8,453	(25)	43%
Corporate & Commercial Banking (CCB)	1,300	1,204	8	933	39	3,544	2,554	39	24%
Consumer Banking (CB) *	1,076	1,109	(3)	1,251	(14)	3,240	3,637	(11)	22%
Global Private Banking (GPB)	276	247	12	232	19	762	715	6	5%
Head Office (HO)	504	282	79	352	43	1,038	627	66	7%
<i>Operating income by geography</i>									
UAE	4,392	3,914	12	5,458	(20)	11,697	13,236	(12)	78%
International	1,101	1,063	4	953	16	3,232	2,750	18	22%

\* excludes gain on Magnati stake sale

## INVESTMENT BANKING (IB)

- The operating environment in Q3'22 continued to remain challenging with aggressive policy rate hikes by central banks globally and recessionary fears keeping global financial markets volatile, albeit regional markets faring relatively better. IB's operating income in Q3'22 improved 9% sequentially to AED 2.3 Billion driven by robust Global Market (GM) sales and opportunistic trading gains in our investments book. 9M'22 operating income is lower by 25% year-on-year primarily due to the exceptional trading performance in 2021, partially offset by a 10% increase in net interest income.
- Although 1% lower sequentially due to repayments, net loans are up 5% year-to-date driven by healthy demand from government and other related entities. Liquidity position remains very strong with customer deposits adding AED 96 Billion or up 23% sequentially to AED 505 Billion. CASA balances at AED 132 Billion, up 9% sequentially in Q3'22 and up 29% year-to-date in 9M'22, have continued to grow every quarter this year despite the increases in interest rates, significantly benefitting net interest income.
  - FAB continues to reaffirm its dominant position among regional banks with top rankings across MENA IB league tables in 9M'22 as #1 Agent Bank, #1 Loan Bookrunner and #4 DCM.
  - In line with our strategic focus to help our clients navigate the energy transition, FAB facilitated approximately USD 4.7 Billion equivalent of sustainable financing across Green Loans, Sustainability-linked Loans and Green Bonds during the first nine-months of 2022. This included key deals with a Dubai-based retail conglomerate for USD 1.25 Billion sustainability-linked loan and a USD 300 Million green project financing for an Abu Dhabi-based renewable energy behemoth. The business is optimistic on the outlook for such financing given the strong pipeline ahead.
  - Ongoing market volatility bodes well for the strong momentum witnessed in Global Market sales revenue increasing 17% sequentially in Q3'22 and 19% in 9M'22. During the quarter, GM completed its first carbon trade in the form of a "cash and carry" EAU (European Union Allowance for Carbon Credit), with strong potential to provide new opportunities for our clients looking to trade in this instrument.

<sup>4</sup> In the second quarter of 2021, the Group had reorganised its business model. Corporate & Investment Banking and Personal Banking Groups have been re-segmented into four distinct business lines: Investment Banking (IB), Corporate & Commercial Banking (CCB), Consumer Banking (CB) and Global Private Banking (PB). Figures for prior periods have been re-based on the current business segments for comparison purposes. Please refer to [IR Quarterly Series](#) for segmental information on a quarterly basis since beginning of 2021.

## CORPORATE AND COMMERCIAL BANKING (CCB)

- Operating income grew 8% sequentially to AED 1.3 Billion and 39% year-on-year to AED 3.5 Billion driven by strong volume growth and rising interest rates.
- Net interest income improved 26% sequentially in Q3'22 and 45% year-on-year in 9M'22. Non-interest income was 27% higher on year-on-year basis in 9M'22, led by growth in loan-related fees and strong Global Market sales across FX and derivatives although Q3'22 came in lower by 28% sequentially due to a stronger comparative period.
- Balance sheet growth has been strong through the year with loans at AED 156 Billion up a further 8% in Q3'22 bringing the year-to-date growth to 42%. This reflects strong demand by top-tier clients in UAE and the execution of healthy pipeline by the business.
- Customer deposits were down 3% sequentially and 12% year-to-date as customers look to enhance their yields with increase in interest rates.
- Other key highlights for the quarter include:
  - Successfully launched E-commerce Financing Program (ECF) in collaboration with a leading e-commerce platform to provide customized Working Capital & term loan lending solution for its clients
  - Strategic collaborations and partnerships to advance several areas including banking-as-a-service, inventory financing, treasury management and sustainability-linked supply chain finance (S-SCF) solutions
  - FAB was awarded the UAE's Domestic Cash Management of the Year and UAE's Domestic SWIFT Initiative of the Year at the 2022 ABF (Asian Banking and Finance) wholesale banking awards

## CONSUMER BANKING (CB)

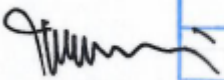

- Profitability improved 31% sequentially in Q3'22 and 9% year-on-year in 9M'22 helped by lower impairment charges reflecting an improved macro environment, coupled with cost discipline and digital costs savings. Q3'22 fees and commissions were higher as credit cards fees and FX income rose sequentially. 9M'22 operating income reached AED 3.2 Billion, lower year-on-year, primarily due to deconsolidation of Magnati earlier this year.
- Customer deposits grew AED 10 Billion or 17% year-to-date to AED 68 Billion underlining our strategic focus on attracting CASA. Customer loans and advances grew 5% year-to-date to AED 66 Billion, driven by strong sales momentum year-on-year across various products including new-to-bank credit cards (+26% yoy), residential mortgages (+19% yoy) and personal loans (+7% yoy).
- Customer offerings and interactions continued to be transformed through deployment of digital technologies. New digital credit card partnership journeys were launched with Al Futtaim and Du. Adoption of digital tools by the salesforce facilitated opening of 78% of new CASA and 54% of credit cards via digital processes in the month of September. Additionally, a new digital building management solution was launched for National Housing Loan customers and contractors.
- During the quarter, FAB was awarded the Best Consumer Digital Bank in the UAE at the 2022 Global Finance Awards.

## GLOBAL PRIVATE BANKING (GPB)

- Operating income improved 12% sequentially in Q3'22 and 6% year-on-year in 9M'22 from higher net interest income driven by higher rates. Non-interest income increased 15% sequentially in Q3'22 primarily driven by increased cross-sell of Global Markets products to GPB clients, while 18% year-on-year growth in 9M'22 was driven by higher asset management fees from increased AUMs, and a rise in lending fees as clients actively participated in the vibrant UAE IPO market.
- Q3'22 loans were lower by 10% sequentially to AED 26 Billion as Q2'22 balances included short-term leverage loans related to IPO trades. Customer deposits, on the other hand, were up 10% sequentially and 24% year-to-date, leveraging FAB's superior credit profile to attract liquidity from new and existing customers looking to preserve cash in volatile and challenging market conditions.
- During the period, GPB launched its 'FAB Thematic Rotation Fund', through which investors will have access to global investment opportunities across themes and trends arising from long-term structural changes, called Megatrends, shaping the world of tomorrow: Technology Innovation, Rising Urbanization, Environmental Changes, Next Gen Economies, and Demographic Shift, as defined by the Trackinsight Thematic Taxonomy. In line with our strategy to provide clients' access to "private markets", FAB partnered with Blackrock, the world's largest asset manager, to launch the Global Credit Opportunities Fund II in September.
- The business continues to focus on enhancing the breadth of its products and services through strategic partnerships and digitalisation of processes, buoyed further by continued service excellence for our clients amidst turbulent markets. Additionally, FAB Global Private Banking was awarded the Best Family Office Service and Best Discretionary Portfolio Management (DPM) at the Wealth and Investment Awards 2022 organised by MEA Finance.

## INTERNATIONAL OPERATIONS

- Operating income improved 18% year-on-year to AED 3.2 Billion in 9M'22 primarily driven by the inclusion of Bank Audi Egypt and complemented by revenue growth in other GCC markets like Oman and Bahrain, and Singapore in Asia. Q3'22 operating income also improved by 4% sequentially to AED 1.1 Billion from increased contribution by BAE. Revenue from international operations represents 22% of 9M'22 Group operating income (compared to 17% in 9M'21). Revenue contribution from MENA (ex-UAE) increased to 58% in 9M'22 from 50% in 9M'21.
- Higher impairment charges of AED 591 Million in 9M'22 from AED 267 Million in 9M'21 reflects the de-risking of our portfolio in non-strategic assets.
- Loans, advances and Islamic financing were AED 104 Billion, lower sequentially by 2% on a few repayments in Saudi Arabia, while being 1% lower year-to-date as growth in Saudi Arabia and Egypt was offset by deliberate reductions in non-strategic assets. Customer deposits increased 2% sequentially to AED 171 Billion, although were lower by 1% year-to-date partly due to depreciation in GBP and adverse movement in other currencies.
- Our International operations remain a key contributor to the Group's liquidity with International loans and deposits representing 22% and 23% of Group loans and deposits, respectively.
- In Egypt, the completion of our integration activities will enable us to offer a unified customer experience to our growing base in one of our priority markets. Our new brand "FABMisr" reflects FAB's strong commitment to the Egyptian market leveraging greater scale and market-leading capabilities to create considerable opportunities for customers.

**James Burdett,**  
 Group Chief Financial Officer

## ABOUT FIRST ABU DHABI BANK (FAB)

FAB is the UAE’s largest bank and one of the world’s largest and safest financial institutions. FAB’s focus is to create value for its employees, customers, shareholders and communities to grow through differentiation, agility and innovation.

Headquartered in Abu Dhabi, the bank’s international network spans five continents, providing global relationships, expertise and financial strength to support local, regional and international businesses seeking to do business at home and abroad. FAB is a trusted adviser and regional partner to major institutions, emerging companies and individuals seeking to do business in the UAE, the MENA region and beyond. As an engine of growth for the region, it helps customers to thrive and grow stronger by managing risk, providing access to capital and facilitating trade flows across developed and emerging markets.

With total assets of over AED 1.1 Trillion (USD 312 Billion) as of September-end 2022, FAB is rated Aa3/AA-/AA- by Moody’s, S&P and Fitch, respectively - the strongest combined ratings of any bank in the MENA region. The Bank has been ranked by Global Finance as the Safest Bank in the UAE and the Middle East since 2011, and #31 Safest Bank globally in 2022. The Banker’s Top 1000 World Banks 2021 rankings, measured by Tier 1 capital, ranked FAB as #1 in the UAE, #3 in the Middle East and #91 across the globe. FAB is also a regional sustainability leader (MSCI ESG rating of AA, ‘Leader’ category), and a constituent of MSCI ESG Leaders and FTSE4Good EM indices.

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)

Download FAB Investor Relations app on iOS or Android

Find us on social media via



@FABConnects



@FAB First Abu Dhabi Bank



## RECENT ACCOLADES



### Disclaimer

The information contained herein has been prepared by First Abu Dhabi Bank P.J.S.C ("FAB"). FAB relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

This document has been prepared for information purposes only and is not and does not form part of any offer for sale or solicitation of any offer to subscribe for or purchase or sell any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

Some of the information in this document may contain projections or other forward-looking statements regarding future events or the future financial performance of FAB. These forward-looking statements include all matters that are not historical facts. The inclusion of such forward-looking information shall not be regarded as a representation of FAB, or any other person involved in the objectives or plans of FAB will be achieved. FAB undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.