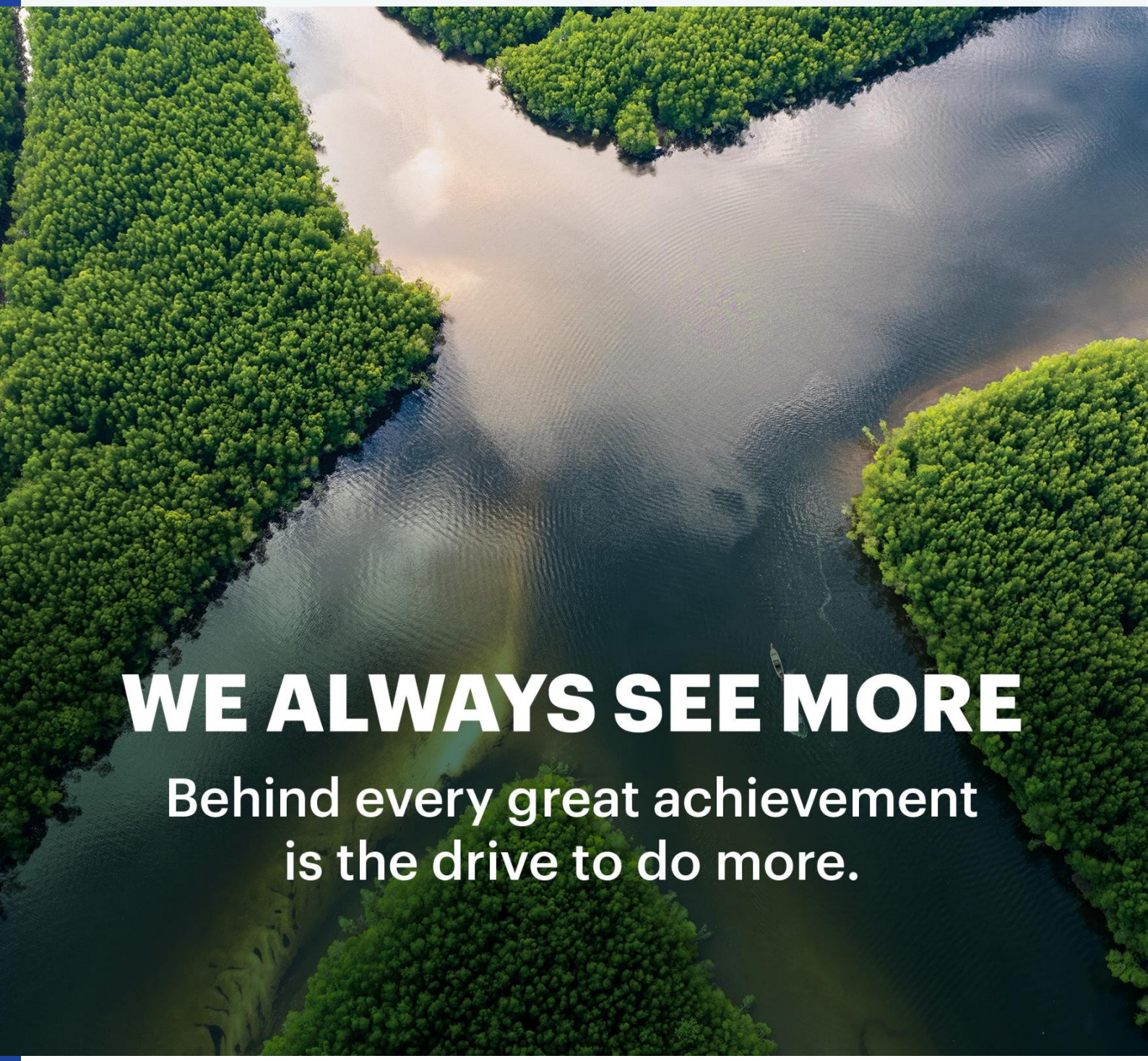
COP28 UAE

بنـك أبـوظبـي الأول
FAB
First Abu Dhabi Bank

Strategic Pathway Partner

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## For the nine-month period ended 30 September 2023



19 October 2023

# FAB achieves record results in the first nine months of 2023

9M'23 net profit surges **58%** to **AED 12.4 billion** with revenue in excess of **AED 20 billion**

Q3'23 net profit up **46%** to **AED 4.3 billion**, the highest ever on an underlying basis

*"FAB's reaffirmed superior credit rating of AA- (or equivalent), diversified franchise and financial profile, are among the distinct competitive strengths that position us well to continue our growth journey and steady progress towards our strategic goals."*

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

## SELECTED FINANCIALS FOR 9M'23

| Operating Income | Net Profit | Earnings Per Share | Total Assets |
|---|---|---|---|
| **AED 20.5 billion** | **AED 12.4 billion** | **AED 1.07** | **AED 1.2 trillion** |
| up 38% year-on-year | up 58% year-on-year[1] | 9M'22: AED 0.68 | up 7% year-to-date |
| **Cost-to-Income Ratio** | **RoTE** | **LCR** | **CET1** |
| **25.4%** | **18.3%** | **146%** | **14.2%** |
| 9M'22: 30.9% | 9M'22: 12.7% | 31 Dec. 2022: 154% | 31 Dec. 2022: 12.6% |

## KEY HIGHLIGHTS

- **Record 9M'23 net profit at AED 12.4 billion,** up 58% on an underlying basis[1]; **Q3'23 net profit at AED 4.3 billion,** up 46%.
- **9M'23 revenue up 38% crossing AED 20 billion mark,** reflecting strong business volumes, improved margins, and broad-based growth across all businesses**; Q3'23 operating income up 27% to AED 7.0 billion.**
- **Non-interest income up 46% contributing 35% to Group operating income,** demonstrating the benefits of our diversified franchise and business model.
- **Maintained robust balance sheet fundamentals:** total assets up 7% ytd to AED 1.2 trillion, customer loans up 4% to AED 478 billion and customer deposits up 12% to AED 785 billion, with a very strong liquidity profile.
- **Current Account and Savings Account (CASA) balances up 18% ytd contributing 45% to customer deposits,** underlining continuous improvement of the deposit mix.
- **Asset quality remained strong** with the Non-Performing Loan ratio below 4.0% and adequate provision coverage at 97%.
- **Strong capital position with Common Equity Tier 1 (CET1) comfortably above minimum requirements at 14.2%** underlining solid capital accretion year-to-date.
- **Annualised Return on Tangible Equity (RoTE) at 18.3%,** improving from 12.7%[1] in 9M'22.

[1] Excluding Magnati-related capital gains realised in 2022
Note: Percentage comparisons noted in the bullet points are on a year-on-year basis, unless otherwise specified.



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

"In the third quarter of 2023, **we achieved solid results contributing to a record net profit of AED 12.4 billion for the first nine months of 2023, a 58% surge year-on-year** on an underlying basis. In addition, group revenue exceeded AED 20 billion.

**FAB's reaffirmed superior credit ratings of AA- (or equivalent), our international and diversified franchise, our financial strength and ample liquidity, are among the distinct competitive strengths that position us well to continue our steady progress towards our strategic goals.**

With climate finance being a critical factor in climate progress, **FAB is making strides on multiple fronts including supporting energy transition and providing green financing, in addition to minimizing its own footprint and spearheading change across the region**. FAB was the first GCC bank to join the industry-led UN-convened Net Zero Banking Alliance (NZBA). **As a leading voice in the regional financial sector relating to sustainability, we are fully aligned with the ambitions of Abu Dhabi and the UAE to deliver a sustainable future for all.** This is underscored in our **strategic pathway partnership with COP28** as well as in our commitment to net-zero emissions by 2050.

As the markets strengthen their trade flows and form broader economic partnerships across the globe, **FAB's international franchise ensures that we continue to play our unique role as a facilitator of global trade and investment**."



**Lars Kramer, Group Chief Financial Officer**, said:

"**FAB produced another strong set of results in the third quarter, building on the core growth momentum achieved since the start of the year** to generate a return on tangible equity of 18.3% in the first nine months of 2023. Group CET1 stands at 14.2%, underlining strong capital accretion and a rock-solid balance sheet foundation.

**Operating income grew 38% year-on-year from continued expansion in net interest income, improved margins, and diversified revenue streams demonstrating our ongoing strategic focus on deepening client relationships across our global franchise**. We also continued to invest in talent and transformation to drive business growth while maintaining excellent operational discipline.

Despite high interest rates, Group asset quality remained strong with adequate provision coverage. **Our prudent approach to risk is at the cornerstone of FAB's profile, enabling us to preserve a high-quality book and showcase resilience through the cycles.**

We consolidated our foundation through our recent inaugural Tier 2 issuance to further strengthen year-end total capital buffers. **This issuance achieved the tightest spread of any Tier 2 issuance globally in 2023, which is firm testament to our outstanding credit profile.**

FAB also moved decisively forward in our aim to facilitate USD 75 billion of sustainable finance projects by 2030, having funded more than USD 18 billion in 9M'23 and USD 27 billion to-date from the 2022 baseline. **Green finance and sustainable finance are growth markets, and the upcoming COP28 forum will showcase our leadership in this area** and accelerate our reach and capacity.

**Amid a persistently challenging global economic backdrop, our balance sheet strength and financial resilience are enduring points of differentiation for our stakeholders**. The Group remains ideally positioned to deliver strong earnings in 2023 and beyond, as we continue **executing on our strategic priorities to deliver sustainable shareholder returns.**"

# Consistent execution of growth strategy unlocking sustainable value for our stakeholders

**Among safest and strongest banking institutions globally**

**AA-** or equivalent

Credit rating reaffirmed by all major rating agencies in 2023, with a stable outlook

**Aggregator of regional and international liquidity**

**+AED 85 billion**

customer deposit inflows in 9M'23, across diversified sources and geographies

**International network a key contributor to Group liquidity and revenue**

**20% Group customer deposits**

**19% Group revenue**

**Dominant position in MENA IB League Tables**

**#1 Loan bookrunner**

**#1 Agent**

**#1 MENA Bank in DCM**

for 9M' 23

**The region's pioneer bank in ESG**

**First and only GCC bank on the Net Zero Banking Alliance (NZBA)**

**Award-winning digital capabilities**

**Best UX design**

**Best Mobile Banking App**

**Best Innovation & Transformation**

by Global Finance

***Robust Fundamentals***

- Among safest and strongest banking institutions globally: FAB's AA- credit rating (or equivalent) was affirmed by all major rating agencies in 2023, with a stable outlook. FAB was ranked "Safest Bank in the Middle East", "Safest Bank in the UAE" and was the only MENA bank featured in the "World's 50 Safest Banks" as per Global Finance 2023 Safest Bank rankings.
- Aggregator of regional and international liquidity: AED 85 billion customer deposit inflows ytd across diversified sources and geographies, including AED 55 billion growth in CASA balances from both wholesale and retail sources, emphasising strategic focus on diversifying sources of liquidity and growing primary relationships.
- Inaugural USD 1 billion Tier 2 issuance was the largest-ever Tier 2 conventional bond issuance from a MENA bank and the tightest spread paid by any bank globally on a callable Tier 2 structure in 2023.

***Strong commercial momentum across both wholesale and retail operations, leveraging strategic global footprint***

- Grew market share in key segments with net loans up 4% year-to-date, accelerated customer onboarding and acquisitions on the back of rapid growth in digital engagement, continued optimisation of customer journeys and product innovation in strategic areas.
- Continued to dominate MENA Investment Banking league tables as #1 Loan Bookrunner by deal volume and number of deals ytd'23, #1 agent by number of deals, volume, and market share, and #1 MENA bank in DCM league tables.
- Strategically focused on strengthening our global network: International operations remain a key competitive differentiator and an important contributor to the Group's balance sheet and diversified liquidity profile, underpinned by FAB's ability to bolster cross-border trade, economic development and multilateral cooperation.

***Excellence in digital***

- Championing digital banking in the UAE: excellence recognized by Global Finance (Best UX design, Best Mobile Banking App and Best Innovation & Transformation), MEA Finance Banking Technology and Entrepreneur Middle East.
- FAB powering the first fully featured digital wallet: Payit named Best E-wallet (Leaders in Fintech Awards 2023) and Best Digital Wallet User Experience (MEA Finance Banking Technology Awards).

# Leading the regional sustainable finance landscape as a strategic pathway partner to COP28

- **Regional pacesetter for sustainability**: The Group continues to lead the regional sustainable finance landscape as a strategic pathway partner of the 28th UN Climate Change Conference of Parties (COP28), which will be held in the UAE from November 30 to December 12, 2023. This includes our **six-point COP28 agenda released in September** focused on:
  - Accelerating sustainable finance and advancing the UAE's development as a green finance hub,
  - Supporting its clients and partners with the transition to net zero,
  - Growing ESG awareness and adoption among SMEs,
  - Advancing effective carbon markets through production innovation and knowledge transfer,
  - Advocating for the restoration of natural ecosystems and biodiversity, and
  - Empowering individuals from classroom to boardroom to be change agents for positive environmental action.
- **FAB supports COP28 Presidency strategic initiative to bring first Arabic 'Race to Zero' Campaign for SMEs in MENA region**, including regional launch of the global SME Climate Hub platform.
- **Fostering sustainable development through strategic partnerships:** MoU signed with Masdar and Blue Carbon to accelerate the MENA Carbon Trading Market through the provision of carbon credits.
- **Won majority of Global Finance Sustainable Finance Awards for the Middle East**, winning 6 out of 9 available categories.
- **Facilitated over USD 18 billion of sustainable projects in 9M'23**, already achieving 36% of our USD 75 billion 2030 target to-date producing significant positive environmental impacts through the projects we fund.
- **Amongst regional and global leaders in the Green Bond and Sukuk market**: Green Bonds and Sukuk outstanding of over USD 3.2 billion equivalent across 15 issuances and 6 different currencies.



Sustainable Finance Projects

**USD 18 billion**

facilitated over 9M'23



Progress vs. USD 75bn Target by 2030

**36%**

or USD 27 billion to-date
(from 2022 baseline)



Regional and Global Leader in the Green Bond Market

**USD 3.2 billion** equivalent

Green Bonds and Sukuk outstanding, across 15 issuances and 6 different currencies

# Q3/9M'23 SUMMARY FINANCIALS

| **Income Statement - Summary** (AED Mn) | **Q3'23** | Q2'23 | *QoQ %* | Q3'22 | *YoY %* | **9M'23** | 9M'22 | *YoY %* |
|---|---|---|---|---|---|---|---|---|
| Net interest Income | **4,577** | 4,441 | *3* | 3,631 | *26* | **13,409** | 10,042 | *34* |
| Non- interest Income | **2,399** | 2,391 | *0* | 1,863 | *29* | **7,129** | 4,886 | *46* |
| **Operating Income** | **6,976** | **6,833** | ***2*** | **5,494** | ***27*** | **20,538** | **14,929** | ***38*** |
| Gain on Magnati stake sale | - | - | *na* | - | *na* | - | 3,094 | *na* |
| **Total Income** | **6,976** | **6,833** | ***2*** | **5,494** | ***27*** | **20,538** | **18,022** | ***14*** |
| Operating expenses | **(1,806)** | (1,732) | 4 | (1,601) | *13* | **(5,226)** | (4,705) | *11* |
| **Profit before net impairment charge and taxation** | **5,169** | **5,101** | ***1*** | **3,893** | ***33*** | **15,313** | **13,318** | ***15*** |
| Net impairment charge | **(605)** | (676) | *(10)* | (694) | *(13)* | **(2,079)** | (1,733) | *20* |
| Non-controlling interests and taxes | **(309)** | (214) | *44* | (276) | *12* | **(838)** | (636) | *32* |
| **Net Profit** | **4,255** | **4,211** | ***1*** | **2,923** | ***46*** | **12,395** | **10,949** | ***13*** |
| **Net profit** (excl. gain on Magnati stake sale) | **4,255** | **4,211** | ***1*** | **2,923** | ***46*** | **12,395** | **7,855** | ***58*** |
| Basic Earning per Share (AED) | **0.36** | 0.38 | *(4)* | 0.25 | *43* | **1.07** | 0.68 | *57* |

| **Balance Sheet - Summary** (AED Bn) | **Sep'23** | Jun'23 | *QoQ %* | Sep'22 | *YoY%* | Dec'22 | *Ytd%* |
|---|---|---|---|---|---|---|---|
| Loans, advances and Islamic financing | **478** | 483 | *(1)* | 465 | *3* | 460 | *4* |
| Investments | **215** | 211 | *2* | 198 | *9* | 206 | *4* |
| Customer deposits | **785** | 745 | *5* | 746 | *5* | 701 | *12* |
| CASA (deposits) | **352** | 333 | *6* | 300 | *17* | 297 | *18* |
| Total Assets | **1,186** | 1,146 | *4* | 1,146 | *3* | 1,110 | *7* |
| Equity (incl Tier 1 capital notes) | **120** | 116 | *3* | 112 | *7* | 115 | *5* |
| Tangible Equity | **89** | 85 | *5* | 81 | *10* | 84 | *6* |
| Risk Weighted Assets | **586** | 582 | *1* | 584 | *0* | 572 | *2* |

| **Key Ratios (%)** | **Q3'23** | Q2'23 | *QoQ (bps)* | Q3'22 | *YoY (bps)* | **9M'23** | 9M'22 | *YoY (bps)* |
|---|---|---|---|---|---|---|---|---|
| Net Interest Margin | **1.81** | 1.73 | *8* | 1.53 | *28* | **1.76** | 1.56 | *20* |
| Cost-Income ratio | **25.9** | 25.3 | *56* | 28.7 | *(281)* | **25.4** | 30.9 | *(547)* |
| Cost of Risk (bps) | **52** | 55 | *(3)* | 60 | *(8)* | **57** | 52 | *5* |
| Non-performing loans ratio | **3.9** | 3.7 | *19* | 3.4 | *48* | **3.9** | 3.4 | *48* |
| Provision coverage | **97** | 103 | *(586)* | 103 | *(535)* | **97** | 103 | *(535)* |
| Liquidity Coverage Ratio (LCR) | **146** | 159 | *large* | 171 | *large* | **146** | 171 | *large* |
| Return on Tangible Equity (RoTE) | **18.5** | 19.4 | *(94)* | 13.8 | *467* | **18.3** | 12.7 | *568* |
| Return on Risk-weighted Assets (RoRWA) | **2.9** | 2.9 | *(5)* | 2.0 | *92* | **2.9** | 1.8 | *106* |
| CET1 ratio | **14.2** | 13.6 | *60* | 13.1 | *111* | **14.2** | 13.1 | *111* |
| Capital Adequacy ratio | **17.2** | 16.6 | *58* | 16.1 | *109* | **17.2** | 16.1 | *109* |

Notes:

- RoTE, RoRWA and Cost-income ratios for 2022 exclude Magnati-related capital gains in 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, 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. For more information, please refer to Note 32 of 9M'23 financial statements

# OPERATING PERFORMANCE

| **Operating income** (AED Mn) | **Q3'23** | Q2'23 | *QoQ %* | Q3'22 | *YoY %* | **9M'23** | 9M'22 | *YoY %* |
|---|---|---|---|---|---|---|---|---|
| Net interest income | **4,577** | 4,441 | *3* | 3,631 | *26* | **13,409** | 10,042 | *34* |
| Non-interest income | **2,399** | 2,391 | *0* | 1,863 | *29* | **7,129** | 4,886 | *46* |
| Fees & commissions, net | **718** | 765 | *(6)* | 624 | *15* | **2,267** | 2,098 | *8* |
| FX and investment income, net | **1,675** | 1,579 | *6* | 1,213 | *38* | **4,743** | 2,620 | *81* |
| Other non-interest income | **6** | 47 | *(87)* | 26 | *(76)* | **120** | 168 | *(29)* |
| **Operating income** | **6,976** | **6,833** | ***2*** | **5,494** | ***27*** | **20,538** | **14,929** | ***38*** |

- **Operating income** for 9M'23 grew 38% to AED 20.5 billion driven by strong business volumes, improved margins, and broad-based growth across businesses, products and geographies. Operating income in Q3'23 was AED 7.0 billion, up 2% sequentially and 27% yoy.
- **Net Interest Income** (including Islamic financing income) (NII) was AED 13.4 billion, up 34% yoy, supported by strong business volumes and benefits from higher benchmark rates. **Net Interest Margin** (NIM) was 20bps higher yoy to 1.76% in 9M'23. Net interest income in Q3'23 was up 3% sequentially with quarterly NIM at 1.81%, up 8bps qoq.
- **Non-interest income** grew 46% yoy to AED 7.1 billion contributing 35% to Group revenue compared to 33% in the first nine months of 2022, underlining a solid platform to generate diversified revenue streams. A healthy sales and trading performance and strong client activity across FX, derivatives and commodities, contributed to this performance, in addition to higher fees & commissions primarily attributed to the strong sales momentum in Consumer Banking, higher cash management fees and increased trade finance activity.
- **Operating expenses** were up 11% yoy to AED 5.2 billion demonstrating continued investments in talent, systems and technology to drive business growth and create future efficiencies. Reflecting positive jaws, **cost-to-income ratio** for 9M'23 was 25.4%, notably improving from 30.9% in the prior year period.
- **Net impairment charges** were AED 2.1 billion, up 20% yoy with annualised **cost of risk (CoR)** at 57bps. Impairment allowances in Q3'23 were 10% lower sequentially reflecting higher recoveries.

# BALANCE SHEET TRENDS

- **Total assets** grew 7% ytd to AED 1.2 trillion (USD 323 billion) led by sizeable deposit inflows deployed across loans, investments and central bank placements.
- **Loans, advances and Islamic financing** were up 4% year-to-date to AED 478 billion, demonstrating market share gains in chosen segments and geographies. Loans were marginally down sequentially in Q3'23 as drawdowns were offset by a few large repayments.
- **Customer deposits** were AED 785 billion, up 12% ytd (or AED 85 billion) with inflows from diversified sources and geographies, underlining FAB's solid credit rating and unique role as an aggregator of regional and international liquidity. **CASA balances** saw sustained growth in the last quarter reaching a new high of AED 352 billion, representing 45% of customer deposits, with consistent growth across both retail and wholesale liabilities. Strengthened product propositions, consistent growth in the client base and new cash management mandates, all contributed to this result.

- The Group's **liquidity position** remained strong with September-end 2023 **LCR** at 146%, comfortably in excess of the Basel III minimum regulatory requirement of 100%.
- In the first nine months of 2023, FAB raised **AED 7.8 billion (USD 2.1 billion equivalent) of senior wholesale funding** at a competitive pricing across multiple formats, successfully navigating volatile markets. The Group also continued to focus on its Green and Sustainable-linked funding activity by issuing two public Green transactions totalling over USD 950 million equivalent, including a AED 1.3 billion green Sukuk which was the Group's first-ever AED-denominated Green issuance.
- During the period, the Group issued a USD 1 Billion Tier 2 bond to further strengthen already robust capital buffers. This was the largest-ever Tier 2 conventional bond issuance from a MENA bank and the tightest spread paid by any bank globally on a callable Tier 2 structure in 2023. As the issuance was settled on October 4th, it will appear in year-end 2023 financials.
- The Group continued to present strong asset quality metrics, demonstrating a high-quality portfolio and a prudent approach to risk. **NPLs** were AED 19.2 billion as of September-end 2023, implying a Group NPL ratio of 3.9%.
- **Provision coverage** remained adequate at 97% with total ECL/ provisions[2] at AED 18.6 billion.

## EQUITY, CAPITAL & RETURNS

- Total **shareholders' equity** stood at AED 120 billion, up 5% ytd and 3% sequentially, driven by earnings growth. Basel III Common Equity Tier 1 (CET1) ratio strengthened to 14.2% as compared to 12.6%% at December-end 2022, improving 160bps primarily on the back of strong earnings generation. Capital adequacy and Tier 1 capital ratios were 17.2%% and 16.1%%, versus 15.6% and 14.5% respectively as of December-end 2022.
- Annualised return on tangible equity (RoTE) improved to 18.3% from 12.7% the prior year comparative period on an underlying basis, while annualised return on risk-weighted assets (RoRWA) stood at 2.9%.

2 ECL/Provisions are defined as ECL on loans, advances and Islamic financing + ECL on unfunded exposures + IFRS9 impairment reserves

# BUSINESS PERFORMANCE

| *AED Mn* | **Q3'23** | Q2'23 | QoQ % | Q3'22 | YoY % | **9M'23** | 9M'22 | YoY % | **9M'23 Contr%** |
|---|---|---|---|---|---|---|---|---|---|
| **Operating income** | **6,976** | **6,833** | *2* | **5,494** | *27* | **20,538** | **14,929** | *38* | **100%** |
| *Operating income by business segment* | | | | | | | | | |
| Investment Banking (IB) | 3,191 | 2,933 | *9* | 2,243 | *42* | 8,779 | 6,050 | *45* | **43%** |
| Corporate & Commercial Banking (CCB) | 1,729 | 1,782 | *(3)* | 1,268 | *36* | 5,196 | 3,449 | *51* | **25%** |
| Consumer Banking (CB) * | 962 | 1,081 | *(11)* | 937 | *3* | 2,842 | 2,799 | *2* | **14%** |
| Global Private Banking (GPB) | 304 | 301 | *1* | 276 | *10* | 880 | 761 | *16* | **4%** |
| Head Office (HO) | 790 | 736 | *7* | 770 | *3* | 2,842 | 1869 | *52* | **14%** |
| *Operating income by geography* | | | | | | | | | |
| UAE | **5,723** | 5,669 | *1* | 4,492 | *27* | **16,587** | 11,933 | *39* | **81%** |
| International | **1,252** | 1,163 | *8* | 1,001 | *25* | **3,951** | 2,995 | *32* | **19%** |

** excludes Magnati-related capital gains*

## INVESTMENT BANKING (IB)

- We continued to strengthen our position as the regional financial institution of choice and most trusted partner for government and institutional clients across our global franchise:
    - IB revenue grew 45% yoy to a record AED 8.8 billion contributing 43% to the Group's 9M'23 operating income. This was driven by strong deal pipeline execution across various areas, new client relationships, consistent growth in CASA balances, benefits from higher benchmark rates and a strong Global Markets performance.
    - Loans and deposits grew 4% and 12% year-to-date respectively, underlining a very strong liquidity position and a consistent growth in CASA balances.
    - FAB continued to hold a dominant position across several MENA Investment Banking league tables year-to-date and remains a key driver of the region's buoyant capital markets, as illustrated by multiple awards received during the period including "Investment Bank of the Year for the Middle East" at the Banker's Investment Banking Awards 2023.

## CORPORATE AND COMMERCIAL BANKING (CCB)

- Through innovative products and sophisticated financing solutions, we are pursuing our objective of being the House Bank for corporate banking clients and a national champion for commercial banking clients:
    - CCB revenue grew 51% to AED 5.2 billion, contributing 25% to Group revenue. This was driven by a very strong performance in Global Transaction Banking helped by higher interest rates and new cash management mandates.
    - Loans and deposits were up 4% and 6% respectively driven by new customer acquisitions and increased trade finance activity.
    - During the period, CCB delivered continued expansion and digital enablement of the product suite with various supply-chain, trade finance and payments solutions rolled out across core markets, as well as transformative initiatives through new strategic partnerships. On top of new functionalities added to the Global Channel Next initiative, FAB launched an Insurance Intermediaries Escrow Account, empowering intermediaries and insurance companies in the UAE.

## CONSUMER BANKING (CB)

- Consumer Banking continued to make excellent strategic progress leading to improved customer experience, enhanced digital acquisition capabilities, and record sales momentum across key products and channels:
    - CB revenue grew 2% yoy to AED 2.8 billion contributing 14% to Group revenue, driven by a solid growth in fees and commissions from credit card sales and higher spend.
    - Building on a strong commercial momentum in the first half of 2023, consumer lending expanded 3% during Q3'23 and is up 6% year-to-date on the back of strong sales activity and a significant increase in salaried accounts and new-to-bank customers. Customer deposits also saw a robust 26% uptick (+AED 17 billion) as a result of strong CASA acquisitions and strategic initiatives to grow primary relationships.

## GLOBAL PRIVATE BANKING (GPB)

- Service excellence, product innovation and offering best-in-class wealth management solutions remained key strategic priorities for GPB:
    - GPB revenue grew 16% yoy to AED 880 million primarily attributed to a significant increase in fee income, driven by sustained growth of assets under management (AUMs).
    - AUM growth was led by increased net new money stemming from accelerated client acquisition.
    - Customer loans and deposits were up 1% and 12% year-to-date, respectively.
    - The launch of new investment products and successful partnerships with leading institutions to give clients access to a range of private market opportunities, resulted in an expanded product range.

## INTERNATIONAL OPERATIONS

- International operations remain a key competitive differentiator for FAB and an important contributor to the Group's liquidity and financial performance:
    - Operating income from international operations grew 32% yoy to AED 4.0 billion, contributing 19% to the Group's 9M'23 revenue and reflecting healthy activity across FAB's global footprint.
    - The outlook for the international business remains promising with a widening pipeline of opportunities emphasising FAB's role as a facilitator of trade, liquidity and investment flows.

# ECONOMIC OUTLOOK

The third quarter of the year was a period of relative consolidation, both in terms of global interest rates and economic growth expectations, as tighter financial conditions continued to erode economic activity forecasts. Against this backdrop, **the macro-outlook for the GCC region remained robust with fundamentals again biased to the upside,** albeit in the context of heightened global uncertainty. Notwithstanding the extension of OPEC+ oil production cuts until year-end and the associated reduction in government revenue expectations, consistent oil price buoyancy throughout the quarter ensured that GCC macroeconomic fundamentals remained firm throughout the period. Regional PMIs for September 2023 held their position in expansionary territory, reflecting the **sustained economic buoyancy of the non-oil economic sectors and the ongoing success of economic diversification initiatives.**

The positive outlook for the region is also underpinned by recent developments around the UAE and Saudi Arabia joining BRICs, as well as the new India-Middle East-Europe Economic Corridor (IMEC) announced at the G20 Summit, further bolstering the region's role as a strategic enabler for global trade and investment. That said and to reflect the higher interest rate structure, **we have reduced our 2023 forecast for the UAE's real GDP growth to +3.7% (from +5.0% previously), which still represents a solid outperformance compared to decidedly anemic growth rates expected by the U.S. and European economies.**



**Lars Kramer,**
Group Chief Financial Officer

# 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 323 billion) as of September-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.

FAB is a strategic pathway partner of the 28th UN Climate Change Conference of Parties (COP28), which is being held in the UAE from 30 November to 12 December, 2023.

For further information, visit: **www.bankfab.com**

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

Download FAB Investor Relations app on iOS or Android

Find us on social media via

Download on the App Store | GET IT ON Google Play | EXPLORE IT ON AppGallery

@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 doesnot 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 representationof 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.