Management Discussion & Analysis

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

Abu Dhabi, 18th October 2024

FAB reports 9M'24 Group Revenue of AED 23.9 billion and Net Profit of AED 12.9 billion

Profit Before Tax up 15% year-on-year to AED 15.3 billion

Q3'24 Net Profit reaches AED 4.5 billion, up 5% year-on-year

Hana Al Rostamani | Group Chief Executive Officer

"FAB's third quarter performance was driven by increased client activity, sustained business momentum, and diversified sources of revenue growth in the UAE and the international franchise, enhanced by clear strategic execution."

Q3/9M'24 Key Financials

Net Profit
AED 12.9 bn
+4% yoy
Q3'24: AED 4.5 bn
+5% yoy

Operating Income
AED 23.9 bn
+16% yoy
NFI % of revenue: 39%
9M'23: 35%

Total Assets
AED 1.2 tn
+5% ytd

Cost/Income Ratio
24.3%
9M'23: 25.4%

UAE
+12% yoy revenue growth

International
+33% yoy revenue growth
26% of Group Assets

LCR
140%
Sep-end 23: 146%

NPL ratio
3.8%
Sep-end 23: 3.9%

RoTE
17.1%
9M'23: 18.3%

Common Equity Tier 1 Ratio
14.3%
Sep-end 23: 14.2%

Key Highlights

Increased client activity, supported by a robust balance sheet, delivers increased business momentum and diversified revenue growth at scale.

Sustainable growth ambitions drive transition finance increase.

Continued expansion of our domestic and international franchise through double-digit revenue growth.

Robust balance sheet fundamentals across asset quality, liquidity and capital.

Group remains well placed to achieve above 16% RoTE in FY'24 and over the medium term.

Hana Al Rostamani,

Group Chief Executive Officer

"FAB's third consecutive quarter of net profit growth, with earnings underpinned by robust year-on-year revenue expansion, shows clearly that our client-centric approach to strategy execution creates value for investors.

Our commitment to enhancing customer engagement and broadening relationships, across wholesale banking and personal banking & wealth management segments, has driven momentum in the Group's performance in the first nine months of the year, resulting in a double-digit growth both locally and across FAB's international franchise. Our network remains a clear differentiator for clients and a competitive strength for the Group, supporting our strategic ambitions to expand and diversify our revenue base.

The growth in our total assets to AED 1.2 trillion highlights the key role FAB plays, as the region's international financial powerhouse, in supporting the ambitions of our clients as they invest for the future. So does our further progress in facilitating sustainable and transition financing projects, with the total now standing at AED 216 billion, or 43% of our 2030 target of AED 500 billion.

Our investments in innovation, technology, and talent position us well to benefit both from regional economic dynamics and, more particularly, from our unique role as the UAE's global bank supporting the country's ambitions to grow, creating value and ensuring our continued ability to meet our RoTE target."

Lars Kramer,

Group Chief Financial Officer

"The Group produced a net profit of AED 4.5 billion in the third quarter of 2024, on the back of a number of important factors. Strong business momentum supported by robust economic conditions were reflected in volume growth, rising revenues and diversified income streams, as we continue to leverage our diversified franchise to deepen client relationships.

Our international franchise, in particular, has played an important role in delivering diversified sources of growth. International revenue growth of 33% year-on-year now sees this segment represent 22% of Group revenue.

Our credit profile remains solid with our AA- rating recently reaffirmed by Fitch Ratings, while our strong asset quality and balance sheet fundamentals position us well to navigate an ever-evolving environment.

With 9M'24 RoTE at 17.1%, we remain very well on track to deliver above 16% RoTE for FY'24 and over the medium term."

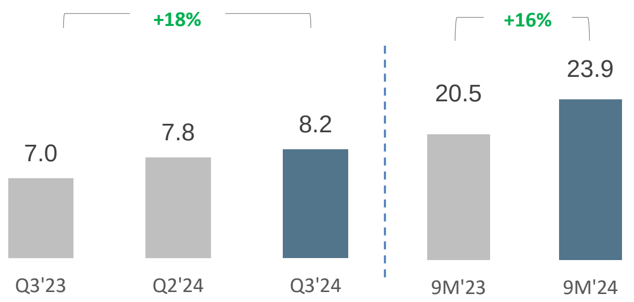
Operating Performance

Double-digit growth in Profit Before Tax from robust revenue momentum, NIM expansion and ongoing operating efficiencies

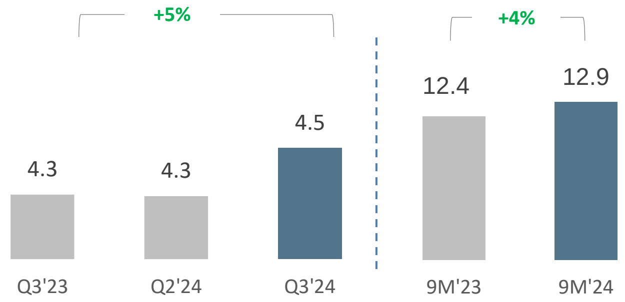
Selected P&L items *(AED Mn)*	**Q3'24**	**Q2'24**	*qoq %*	**Q3'23**	*yoy %*	**9M'24**	**9M'23**	*yoy %*
Net interest income	4,890	4,927	*(1)*	4,583	*7*	14,677	13,433	*9*
Non-interest income	3,307	2,828	*17*	2,393	*38*	9,246	7,105	*30*
Operating income	**8,197**	**7,755**	***6***	**6,976**	***18***	**23,923**	**20,538**	***16***
Operating expenses	(1,975)	(1,926)	3	(1,807)	*9*	(5,817)	(5,226)	11
Net impairment charge	(909)	(896)	*2*	(605)	*50*	(2,829)	(2,079)	*36*
Profit Before Tax	**5,313**	**4,933**	***8***	**4,564**	***16***	**15,277**	**13,233**	***15***
Non-controlling interests and taxes	(853)	(678)	*26*	(309)	*176*	(2,411)	(838)	*188*
Net Profit	**4,460**	**4,255**	***5***	**4,255**	***5***	**12,866**	**12,395**	***4***
Basic Earnings per Share (AED)	0.38	0.38	-	0.36	*6*	1.10	1.07	*3*

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

Double-digit growth in operating income (AED Bn)



Profitability improves further (AED Bn)



- **9M'24 Group Net Profit** was AED 12.9 billion, rising by 4% yoy while absorbing the impact of the UAE corporate tax implemented this financial year. **Profit Before Tax** was up 15% yoy to AED 15.3 billion reflecting strong business momentum. In Q3'24, net profit rose 5% yoy to AED 4.5 billion while profit before tax grew 16% to AED 5.3 billion.

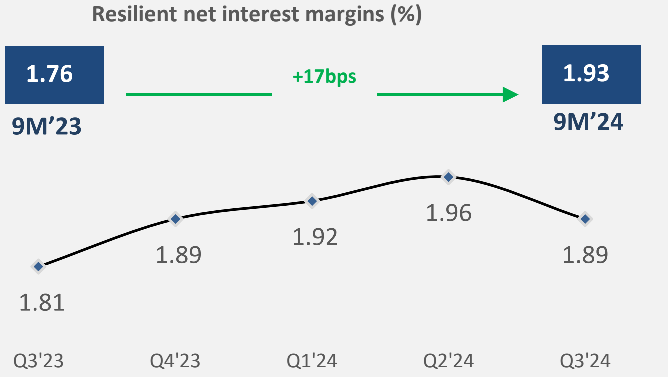
- **Operating income** was AED 23.9 billion, an increase of 16% yoy with strong growth in both net interest and non-interest income, reflecting broad-based growth across all divisions. In Q3'24, operating income rose 18% yoy to AED 8.2 billion.

- **Net interest income** was AED 14.7 billion, up 9% yoy, supported by solid business volumes and a 17bps yoy improvement in Net Interest Margin (NIM) to 1.93%. Q3'24 NIM was 7bps lower sequentially as disciplined pricing was offset by the impact of higher cash reserve requirements, increased central bank placements, and the 50bps benchmark rate cut over the period.

- **Non-interest Income** grew 30% yoy to AED 9.2 billion, reflecting continued strength in fee-generation from various products, solid sales and trading performances in Global Markets, and a gain on the completion of the Network International transaction in the third quarter. Non-interest income now represents 39% of Group revenue in 9M'24, up from 35% in 9M'23. In Q3'24, non-interest income rose 38% yoy to AED 3.3 billion.

- **Operating expenses** were AED 5.8 billion, up 11% yoy, with ongoing investments in talent, technology and AI-related initiatives. Group Cost-to-Income ratio was 24.3%, improving from 25.4% in the prior comparative period.

- **Net impairment charges** were AED 2.8 billion, up 36% yoy supporting strong provisioning levels. Q3'24 net impairment charges were AED 909 million, up 50% yoy.



Continued diversification across the FAB franchise

- **Continued franchise growth across our 20-market network** with 12% revenue growth in the UAE and 33% revenue growth from our international franchise representing 22% of the Group's total, with further increases in both assets and liabilities.

- **Robust growth and momentum generated in wholesale banking services.** Investment Banking revenue grew 22% year-on-year in the first nine months; strong sales and trading activity in Global Markets also lifted revenue by 22%; and robust demand in Corporate & Commercial Banking at home and abroad saw loans increase to AED 167 billion and deposits rise to AED 152 billion.

- **Strong demand for personal and wealth management banking services.** Consumer Banking saw new-to-bank customer acquisition drive growth of 17% in lending and 9% in deposits, with enhanced digital capabilities supporting origination and sales momentum across key products. Assets Under Management for Private Banking clients grew 37% year-on-year, reflecting continued strength in client acquisitions and new mandates.

- **ESG-focused financing driven by clear client demand.** Sustainable and transition financing facilitated by FAB rose to AED 216 billion, or 43% of its 2030 target of AED 500 billion. The Group's commitment to financial inclusion saw over AED 900 million in new financing extended to SMEs during Q3'24, taking the total to AED 9 billion since 2022.

(AED Mn)	**Q3'24**	Q2'24	qoq %	Q3'23	yoy %	**9M'24**	9M'23	yoy %
Operating income by segment[1]								
Investment Banking (IB)	**2,856**	2,532	*13*	2,340	*22*	**8,134**	6,651	*22*
Global Markets[2] (GM)	**1,880**	1,884	*(0)*	1,653	*14*	**5,708**	4,686	*22*
Corporate & Commercial Banking (CCB)	**1,746**	1,729	*1*	1,728	*1*	**5,269**	5,199	*1*
Consumer Banking (CB)	**1,158**	1,102	*5*	965	*20*	**3,358**	2,851	*18*
Private Banking (PB)	**345**	358	*(4)*	300	*15*	**1,008**	870	*16*
Head Office (HO)	**1,324**	1,021	*30*	969	*37*	**3,578**	3,021	*18*
Operating income by geography								
UAE	**6,509**	6,198	*5*	5,688	*14*	**18,561**	16,514	*12*
International	**1,688**	1,557	*8*	1,288	*31*	**5,362**	4,024	*33*

1 Prior period figures related to FY'23 include minor expense reallocations between segments, as well as reallocations to include revenue related to asset-liability management initiatives in Head Office.
2 Starting Q1'24, the Group's Global Markets (GM) division is being reported as a separate segment. GM includes revenue from GM trading which is reported separately in the Financial Statements, and revenue from GM Sales which is allocated within the other divisional business lines. For further information about the Group's operating structure, please refer to note 29 of FAB's financial statements as of September-end 2024.

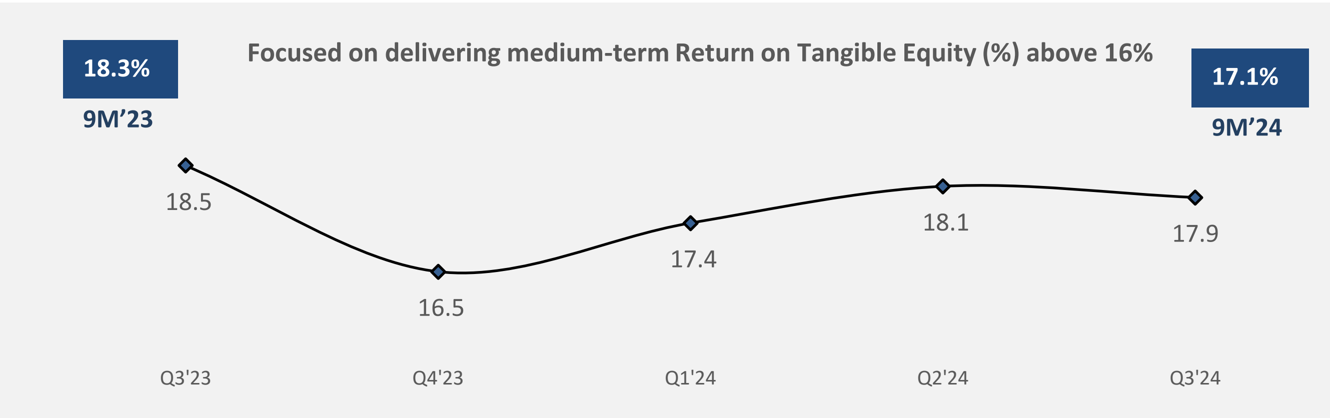
Balance sheet settings remain strong

Balance Sheet - Summary *(AED Bn)*	**Sep'24**	**Jun'24**	*qoq %*	**Sep'23**	yoy %	**Dec'23**	ytd %
Loans, advances and Islamic financing (net)	**528**	513	*3*	478	*10*	484	*9*
Investments	**251**	229	*10*	215	*17*	226	*11*
Customer deposits	**820**	766	*7*	785	*4*	760	*8*
Of which CASA	**374**	355	*5*	352	*6*	361	*4*
Total Assets	**1,230**	1,175	*5*	1,186	*4*	1,169	*5*

- **Total assets grew** 5% ytd and 4% yoy to AED 1.2 trillion driven by diversified lending growth and an expansion in the investments portfolio.
- **Loans, advances and Islamic financing (net)** were up 9% ytd and 10% yoy to AED 528 billion, with market share gains across key segments and geographies, with double-digit growth in Investment Banking and Consumer Banking.
- **NPLs (non-performing loans)** were AED 20.4 billion as of end of September 2024, with a gross NPL ratio of 3.8%, improving from 3.9% as of September-end 2023. Provisioning coverage was 95%, ahead of FY'24 guidance.
- **Customer deposits** grew 8% ytd and 4% yoy to AED 820 billion from diversified sources led by CASA and retail liabilities. The strength over the quarter (+7%) partly reflects the reversal of some seasonal outflows in Q2'24.
- The Group continues to present a strong and diversified **liquidity profile** with September-end 2024 LCR at 140%, comfortably in excess of the Basel III minimum regulatory requirement of 100%.
- **AED 14.5 billion (USD 4.0 billion) equivalent of senior wholesale funding** were raised during the 9M'24 period. This included the **first Green Formosa bond from the MENA region in Q3'24**, and the **largest-ever Green Formosa issuance (US$ 800 million 5-year).** FAB remains **a regional leader in the green and social bond market** with USD 4.1 billion (equivalent) outstanding across 18 issuances and 6 different currencies.

Capital position remains robust, focused on generating shareholder value

- **Total shareholders' equity** rose 7% yoy to AED 129 billion led by growth in earnings. Capital position remained strong with September-end 2024 Basel III Common Equity Tier 1 (CET1) ratio at 14.3% compared to 14.2% as of September-end 2023.
- Annualised **Return on tangible equity (RoTE)** stood at 17.1% in the first nine months of 2024, on track with 2024 and medium-term guidance of over 16%.



SUMMARY FINANCIALS

Income Statement – Summary (AED Mn)	**Q3'24**	**Q2'24**	*qoq (%)*	**Q3'23**	*yoy (%)*	**9M'24**	**9M'23**	*yoy %*
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Total Assets	**1,230**	1,175	*5*	1,186	*4*	1,169	*5*
Equity (incl Tier 1 capital notes)	**129**	123	*5*	120	*7*	125	*3*
Tangible Equity	**98**	92	*6*	89	*10*	94	*4*
Risk Weighted Assets	**652**	620	*5*	586	*11*	587	*11*

Key ratios (%)	**Q3'24**	**Q2'24**	*qoq (bps)*	**Q3'23**	*yoy (bps)*	**9M'24**	**9M'23**	*yoy (bps)*
Net Interest Margin	**1.89**	1.96	*(7)*	1.81	*8*	**1.93**	1.76	*17*
Cost-Income ratio	**24.1**	24.8	*(74)*	25.9	*(180)*	**24.3**	25.4	*(109)*
Cost of Risk (bps)	**63**	74	*(12)*	52	*10*	**72**	57	*15*
Non-performing loans ratio	**3.8**	3.7	*9*	3.9	*(12)*	**3.8**	3.9	*(12)*
Provision coverage	**95**	96	*(173)*	97	*(267)*	**95**	97	*(267)*
Liquidity Coverage Ratio (LCR)	**140**	152	*large*	146	*(594)*	**140**	146	*(594)*
Return on Tangible Equity (RoTE)	**17.9**	18.1	*(23)*	18.5	*(62)*	**17.1**	18.3	*(119)*
Return on Risk-weighted Assets (RoRWA)	**2.8**	2.8	*1*	2.9	*(10)*	**2.8**	2.9	*(8)*
CET1 ratio	**14.3**	14.0	*29*	14.2	*3*	**14.3**	14.2	*3*
Capital Adequacy ratio	**18.0**	17.4	*63*	17.2	*84*	**18.0**	17.2	*84*

Notes:

- Effective 1st Jan 2024, UAE corporate tax of 9% is applicable to net profit on FAB's UAE operations. Please refer to note 4 in Q1'24 financials for further details.
- Prior period figures related to FY'23 include minor expense reallocations between segments, as well as reallocations to include revenue related to asset-liability management initiatives in Head Office.
- 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.
- 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 theMiddle East and North Africa region (MENA). With total assets of AED 1.2 trillion (USD 335 billion) as of September-end 2024, FAB is among the world's largest banking groups. The bank provides financial expertise to its wholesale and retail client franchise across five business units: Investment Banking, Corporate and Commercial Banking, Consumer Banking, Global Markets and Private Banking. FAB is listed on the Abu Dhabi Securities Exchange (ADX) and rated Aa3/AA-/AA- by Moody's, S&P, and Fitch, respectively, with a stable outlook. On sustainability, FAB holds an MSCI ESG rating of 'A', and is also ranked among the top 10% of banks globally by Refinitiv's ESG Scores and the best performer in the MENA region.

For further information, visit: **www.bankfab.com**
For investor-related queries, please contact FAB Investor Relations team on **ir@bankfab.com**

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Global Finance

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Group Chief Financial Officer