

بنك أبوظبي الأول

**FAB**

First Abu Dhabi Bank

# Management Discussion & Analysis

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

# FAB reports H1'25 total income of ₪18.31 billion; net profit surpasses ₪10 billion

Q2'25 net profit reached ₪5.51 billion, up 29% yoy

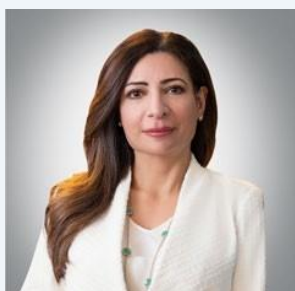
Robust returns trajectory with RoTE at 20.5%

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

*“Our record performance reinforces FAB’s position as the UAE’s Global Bank and reflects a franchise defined by scale, connectivity, and innovation, with AI increasingly embedded in how we operate and how we serve our clients.”*

H1'25 Key Financials		Key Highlights
<b>Net Profit</b> ₪10.63 bn +26% yoy	<b>Profit Before Tax</b> ₪ 12.83 bn +29% yoy	Record H1 performance with strong financial delivery across the franchise, delivering double-digit earnings growth firmly on track with FAB’s medium-term RoTE guidance.
<b>Operating Income</b> ₪18.31 bn +16% yoy	<b>RoTE</b> 20.5% H1'24: 17.3%	
<b>Total Assets</b> ₪1.34 tn +11% ytd	<b>Loans and Advances</b> (net) ₪ 568 bn +7% ytd  <b>Deposits</b> ₪ 813 bn +4% ytd	Balance sheet expansion driven by diversified growth in assets, loans and deposits.
<b>UAE Assets</b> ₪960 bn +7% ytd	<b>International Assets</b> ₪383 bn +20% ytd	Continued growth from international and domestic franchises have further strengthened FAB’s position as the UAE’s global bank.
<b>Liquidity Coverage Ratio</b> 152% Jun-24: 152%	<b>CET1 Ratio</b> 13.4% Jun-24: 14.0%	Backed by the strongest combined credit ratings in MENA, FAB continues to be the region’s benchmark for financial strength.





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

“FAB achieved new highs in the first half of 2025, with Group operating income rising by 16% year-on-year to AED 18.31 billion and net profit exceeding AED 10 billion, for the first time in any half-year period. Return on tangible equity stood at 20.5%, firmly on track with our medium-term guidance of above 16%, supported by a robust balance sheet, and backed by one of the strongest credit ratings globally.

Our record performance reinforces FAB’s position as the UAE’s Global Bank and reflects a franchise defined by scale, connectivity, and innovation, with AI increasingly embedded in how we operate and how we serve our clients. Parallel to this, we remain a trusted partner in supporting the UAE’s rapid progress and development as we continue to deliver on a strategy that is aligned with national priorities.

We have made tangible progress in advancing our artificial intelligence (AI) agenda, from the deployment of our foundational Agentic AI platform, the rollout of Microsoft 365 Copilot to all employees, to launching AI-powered onboarding and credit analytics, resulting in measurable improvements in efficiency and service quality. Innovations like the Board AI Observer, Voice Concierge, and planning tools are already delivering real impact.

Additionally, FAB became the first MENA bank to be designated as a direct participant in China’s Cross-border Interbank Payment System (CIPS), which marks a major milestone in our global connectivity strategy. We are also progressing plans to expand our international footprint, reinforcing our commitment to connect clients in dynamic, high-growth corridors.

We remain firmly committed to delivering sustainable value for all stakeholders, and will continue to execute our strategy with discipline, accelerating innovation, supporting national development, deepening our international presence, and reinforcing the core pillars of long-term success.”



**Lars Kramer,**  
Group Chief Financial Officer

“FAB delivered a strong financial performance in the first half of 2025, with profit before tax rising 29% year-on-year to AED 12.83 billion. Net profit in the second quarter increased by 29% year-on-year to AED 5.51 billion, a showcase of consistent delivery at scale, supported by diversified revenue growth, resilient margins, prudent risk management, and targeted investments in technology and AI that are driving both opportunity and efficiency across the Group.

We achieved broad-based growth with all divisions delivering double-digit revenue expansion, highlighting effective balance sheet deployment, the deepening of relationships and sustained client engagement in dynamic market conditions. Moreover, the consistent and disciplined execution of our strategic priorities keeps us firmly on track with our medium-term RoTE guidance of over 16%.

Parallel to FAB’s strong results and in line with our commitment to financial innovation, we also recently launched the region’s first blockchain-based digital bond, a milestone that underscores FAB’s leadership in shaping the future of capital markets in the region.

With robust capital, liquidity and funding buffers, and a high-quality risk profile, FAB remains well-positioned to navigate evolving market conditions while continuing to deliver sustainable shareholder returns.”

# Accelerating growth and innovation as the UAE's global bank

## Broad-based revenue growth across our franchise driven by client-centric solutions

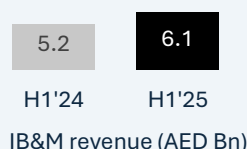
### Investment Banking & Markets

**Expanding client base**, with leading MENA league table rankings, and over USD 49 billion raised from ECM and DCM platforms.

**Strong origination performance** with 19% lending growth, supported by a robust pipeline, including financing for the region's largest data center project.

**Leadership in global markets** capitalising on elevated activity from flow products and a strong trading performance.

↑ 17% yoy



### Wholesale Banking

**Diversified growth across key economic sectors** along with enhanced cross-sell.

**New client acquisitions and mandates** in transaction banking and treasury advisory further reinforce our domestic leadership.

Continuing to leverage strategic partnerships in key areas including **supply chain finance and cross-border payments**.

↑ 12% yoy



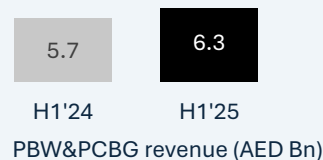
### Personal, Business, Wealth & Privileged Client Banking Group

**Robust growth in customer acquisitions** across all products including SMEs business supported by advanced digital capabilities.

**Continued expansion in private banking and wealth advisory** with AUMs up 61% yoy, enabled by strong client inflows and growing demand for bespoke investment solutions.

**Expanding and deepening client relationships** by leveraging our strategic presence in key Private Banking hubs

↑ 12% yoy



## Regional leadership with global connectivity

- The international franchise delivered strong H1'25 balance sheet growth, with loans rising 28% and deposits increasing 24% yoy, highlighting FAB's expanding global footprint beyond 20 markets.
- Key network markets, including the UK, France, Switzerland, and Saudi Arabia, were among the primary growth drivers, reinforcing FAB's deepening presence across priority trade and investment corridors.
- FAB became the first MENA bank to join the Cross-border Interbank Payment System (CIPS) as a direct participant, strengthening East-West connectivity and unlocking new cross-border flow opportunities.

## The Group continued to accelerate its AI adoption journey, embedding advanced solutions across core operations, unlocking measurable value, and transforming the way we operate

- Building foundational technology, infrastructure, and modern data platform to **accelerate Agentic AI implementation**.
- Boosting productivity and enhancing client engagement at scale:** Relationship Managers leveraging AI-powered tools such as investment simulators, proactive nudges, smart account planning, and client acquisition engines driving measurable efficiency gains.
- Embedding intelligence in every decision through powerful analytical tools** enabling faster, and data-informed decisions across the organisation, with innovations like the Board AI Observer, trade document validation, and the distribution channels optimiser.
- Redefining customer service through seamless, zero-touch experiences:** GenAI-powered tools, including Voice Concierge, intelligent email routing, and real-time fraud detection are transforming how we serve clients.

## With over AED 1.34 trillion in total assets, we continue to operate from a position of strength, supported by prudent risk management, agile execution, and a future-focused talent agenda

- FAB's operational resilience is a result of **robust fundamentals and a disciplined risk approach**.
- FAB maintains consistently **high credit ratings of AA- or equivalent**, reflecting our strong fundamentals and a prudent risk profile.
- AED 318 billion in sustainable and transition financing to date**, 64% of our AED 500 billion 2030 target.
- Our talent agenda is future-focused** with targeted upskilling, leadership development, and ongoing Emiratisation initiatives.

# Operating Performance

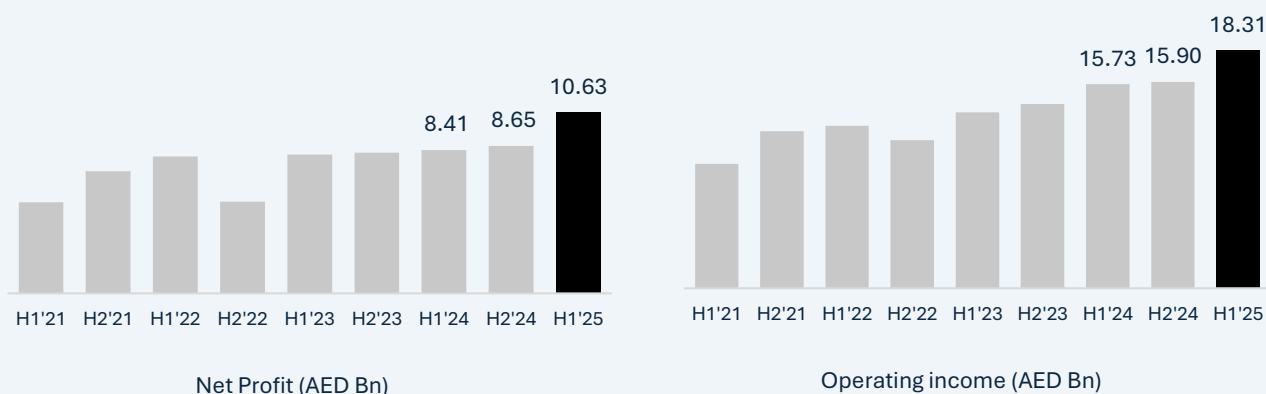
## Record Half-Year Profit Fueled by Strong Revenue Growth

Selected P&L items (AED Mn)	Q2'25	Q1'25	qoq %	Q2'24	yoy %	H1'25	H1'24	yoy %
Net interest income	4,953	5,006	(1)	4,928	1	9,959	9,787	2
Non-interest income	4,542	3,808	19	2,827	61	8,350	5,939	41
<b>Operating income</b>	<b>9,495</b>	<b>8,814</b>	<b>8</b>	<b>7,755</b>	<b>22</b>	<b>18,309</b>	<b>15,726</b>	<b>16</b>
Operating expenses	(2,034)	(1,965)	4	(1,926)	6	(3,999)	(3,842)	4
Net impairment charge	(752)	(724)	4	(896)	(16)	(1,476)	(1,920)	(23)
<b>Profit Before Tax</b>	<b>6,709</b>	<b>6,125</b>	<b>10</b>	<b>4,933</b>	<b>36</b>	<b>12,834</b>	<b>9,964</b>	<b>29</b>
Taxes and NCI	(1,202)	(1,000)	20	(679)	77	(2,202)	(1,558)	41
<b>Net Profit</b>	<b>5,506</b>	<b>5,125</b>	<b>7</b>	<b>4,255</b>	<b>29</b>	<b>10,632</b>	<b>8,406</b>	<b>26</b>
Basic Earnings per Share (AED)	0.49	0.44	11	0.38	29	0.93	0.73	27

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

- **H1'25 Group net profit** rose 26% yoy to AED 10.63 billion despite the step-up in corporate tax during the period. Profit Before Tax increased 29% yoy to AED 12.83 billion, reflecting strong operating performance. Earnings per share also increased 27% to AED 0.93.
- **Operating income** increased by 16% yoy to AED 18.31 billion driven by strong volumes, resilient margins, and diversified revenue streams with a significant 46% contribution from non-interest income.
- **Net interest income** was up 2% yoy to AED 9.96 billion driven by strong business volumes. Net Interest Margin (NIM) was 1.88%, 6 bps lower yoy due to lower benchmark rates witnessed over the period.
- **Non-interest income** grew 41% yoy to AED 8.35 billion in H1'25. This was driven by a 25% yoy increase in Fees & Commissions income, supported by strong origination and deal execution, and a 30% rise in FX & Investment income reflecting robust client flows and a strong trading performance.
- **Operating expenses** rose 4% yoy to AED 4.00 billion amid continued investments in strategic areas including AI and technology. Group cost-to-income ratio was 21.8% in H1'25 compared to 24.4% in H1'24, mainly as a result of strong revenue growth over the period.
- **Net impairment charges** were 23% lower yoy to AED 1.48 billion underlining strong asset quality throughout the portfolio and a robust macro-economic backdrop.

### Strong revenue growth brings half year net profit above AED 10 billion for the first time



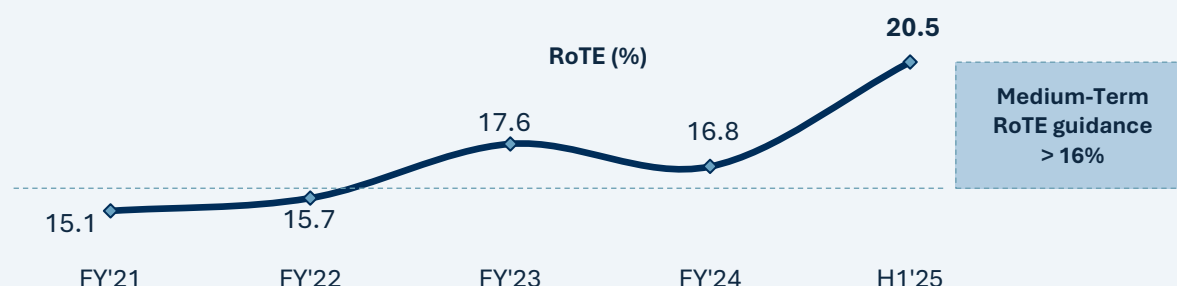
## Robust Balance Sheet Foundation

Balance Sheet - Summary (AED Bn)	Jun'25	Mar'25	qoq %	Jun'24	yoy %	Dec'24	ytd %
Total Assets	1,343	1,307	3	1,175	14	1,213	11
Loans, advances and Islamic financing	568	548	4	513	11	529	7
Investments	280	263	7	229	22	248	13
Customer deposits	813	839	(3)	766	6	782	4
Of which CASA balances	401	376	7	355	13	360	11

- **Total assets** grew 14% yoy and 11% ytd to AED 1.34 trillion.
- **Loans, advances and Islamic financing (net)** grew 11% yoy and 7% ytd to AED 568 billion, driven by healthy origination across divisions, sectors and geographies.
- **Islamic financing** growth was robust, rising 8% ytd due to targeted expansion efforts.
- **Investments** grew 22% yoy and 13% ytd to AED 280 billion, supported by increased deployment into fixed income instruments and proactive balance sheet management.
- **Customer deposits** grew 6% yoy and 4% ytd to AED 813 billion, reinforcing FAB's role as an aggregator of regional and international liquidity. CASA balances grew 13% yoy and 11% ytd, driven by both retail and wholesale franchises. As of June-end 2025, CASA balances were in excess of the AED 400 billion threshold for the first time and represented 49% of Group deposits.  
  
Deposit growth in the Islamic franchise was particularly strong at 24% ytd.
- **NPLs (non-performing loans)** stood at AED 16.47 billion as of 30 June 2025, lower sequentially reflecting write-offs and subdued NPL formation during the period. Gross NPL ratio was 2.84%, lower by 84 bps yoy and 42 bps qoq and at a multi-year low.
- **Provision coverage** improved to 100% sequentially, with total ECL/provisions at AED 16.43 billion.
- In H1'25, **FAB raised AED 8.26 billion (USD 2.25 billion equivalent) of senior wholesale funding at competitive pricing.**  
  
Key landmark transactions included a USD 600 million 5-year Sukuk priced at the tightest spread ever achieved by a MENA bank in public format; and two 5-year Formosa FRN bonds of USD 750 million each, priced at the lowest ever pricing achieved by a MENA bank in the Formosa market.  
  
In July 2025, FAB issued a USD 100 million 3-year FRN Digital bond, **the region's first blockchain-based digital bond.**
- At AA- or equivalent, FAB maintains the **strongest combined credit rating among any other bank in MENA**

## Strong Capital Position

- **Total shareholders' equity** was AED 133 billion, up 8% yoy driven by earnings growth. Capital position remained strong with June-end 2025 Basel III Common Equity Tier 1 (CET1) ratio at 13.4%, above the regulatory minimum.
- **Annualised Return on Tangible Equity (RoTE)** was 20.5% in the first half, firmly on track with 2025 and medium-term guidance of over 16%.



## Summary Financials

<b>Income Statement – Summary (AED Mn)</b>	<b>Q2'25</b>	<b>Q1'25</b>	<b>qoq %</b>	<b>Q2'24</b>	<b>yoy %</b>	<b>H1'25</b>	<b>H1'24</b>	<b>yoy %</b>
Net interest Income	4,953	5,006	(1)	4,928	1	9,959	9,787	2
Non-interest Income	4,542	3,808	19	2,827	61	8,350	5,939	41
<b>Operating Income</b>	<b>9,495</b>	<b>8,814</b>	<b>8</b>	<b>7,755</b>	<b>22</b>	<b>18,309</b>	<b>15,726</b>	<b>16</b>
Operating expenses	(2,034)	(1,965)	4	(1,926)	6	(3,999)	(3,842)	4
Net impairment charge	(752)	(724)	4	(896)	(16)	(1,476)	(1,920)	(23)
<b>Profit Before Tax</b>	<b>6,709</b>	<b>6,125</b>	<b>10</b>	<b>4,933</b>	<b>36</b>	<b>12,834</b>	<b>9,964</b>	<b>29</b>
Taxes and NCI	(1,202)	(1,000)	20	(679)	77	(2,202)	(1,558)	41
<b>Net Profit</b>	<b>5,506</b>	<b>5,125</b>	<b>7</b>	<b>4,255</b>	<b>29</b>	<b>10,632</b>	<b>8,406</b>	<b>26</b>
Basic Earnings per Share (AED)	0.49	0.44	11	0.38	29	0.93	0.73	27

<b>Balance Sheet – Summary (AED Bn)</b>	<b>Jun'25</b>	<b>Mar'25</b>	<b>qoq %</b>	<b>Jun'24</b>	<b>yoy %</b>	<b>Dec'24</b>	<b>ytd %</b>
Total Assets	<b>1,343</b>	1,307	3	1,175	14	1,213	11
Loans, advances and Islamic financing	<b>568</b>	548	4	513	11	529	7
Investments	<b>280</b>	263	7	229	22	248	13
Customer deposits	<b>813</b>	839	(3)	766	6	782	4
Of which CASA balances	<b>401</b>	376	7	355	13	360	11
Equity (incl Tier 1 capital notes)	<b>133</b>	127	5	123	8	131	2
Tangible Equity	<b>102</b>	97	6	92	11	100	2
Risk Weighted Assets	<b>720</b>	680	6	620	16	640	13

<b>Key ratios (%)</b>	<b>Q2'25</b>	<b>Q1'25</b>	<b>qoq (bps)</b>	<b>Q2'24</b>	<b>yoy (bps)</b>	<b>H1'25</b>	<b>H1'24</b>	<b>yoy (bps)</b>
Net Interest Margin	<b>1.80</b>	1.97	(17)	1.96	(16)	<b>1.88</b>	1.94	(6)
Cost-Income ratio	<b>21.4</b>	22.3	(87)	24.8	(341)	<b>21.8</b>	24.4	(256)
Cost of Risk (bps)	<b>51</b>	51	(0)	74	(23)	<b>51</b>	76	(2544)
Non-performing loans ratio	<b>2.8</b>	3.3	(42)	3.7	(84)	<b>2.8</b>	3.7	(84)
Provision coverage	<b>100</b>	98	143	96	349	<b>100</b>	96	349
Liquidity Coverage Ratio (LCR)	<b>152</b>	132	large	152	(26)	<b>152</b>	152	(26)
Return on Tangible Equity (RoTE)	<b>21.5</b>	20.4	111	18.1	342	<b>20.5</b>	17.3	321
Return on Risk-weighted Assets (RoRWA)	<b>3.2</b>	3.2	0	2.8	37	<b>3.2</b>	2.8	35
CET1 ratio	<b>13.4</b>	13.5	(10)	14.0	(52)	<b>13.4</b>	14.0	(52)
Capital Adequacy ratio	<b>16.9</b>	17.2	(23)	17.4	(44)	<b>16.9</b>	17.4	(44)

### Notes:

- Comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in the consolidated financial statements.
- Ratios for the quarter are annualised, where applicable, except for Basic EPS.
- For further details on calculation of the ratios, please see the Quarterly Series on FAB IR website's financial reports page.
- To view key figures in USD, please refer to: [bankfab.com](http://bankfab.com) > investor relations > reports & presentations > key quarterly figures.
- Rounding differences may appear in above tables.

# ABOUT FIRST ABU DHABI BANK (FAB)

Headquartered in Abu Dhabi with a global footprint across 20 markets, FAB is the finance and trade gateway to the Middle East and North Africa (MENA) region. With total assets of AED 1.34 trillion (USD 366 billion) as of June-end 2025, FAB is among the world's largest banking groups. The bank provides financial expertise to its wholesale and retail client franchise across three business units: 1) Investment Banking & Markets, 2) Wholesale Banking, and 3) Personal, Business, Wealth & 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)

## 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.

**Lars Kramer**  
Group Chief Financial Officer

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