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# Q1'24 Earnings Presentation

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1<sup>st</sup> MAY 2024

# Disclaimer

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Comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in the consolidated financial statements



# Strong start to FY24

- **Q1'24 NPAT at AED 4.2Bn (+6% yoy, +4% qoq)**, driven by accelerated revenue momentum across our businesses.
- **Solid RoTE delivery at 17.4% despite UAE corporate tax impact**, well within 2024e and medium-term guidance.
- **New thresholds crossed during the quarter reflect healthy business momentum:** AED 1.24tn total assets, AED 508bn loans & advances, AED 803bn customer deposits.
- **Maintained robust fundamentals** through solid asset quality, strong liquidity profile and outstanding operating efficiency.
- Consistent performance underscores **balance sheet strength, a diversified franchise, and our ongoing commitment to superior and sustainable shareholder returns.**




# Q1'24 profitability reflects diversified revenue momentum, operational discipline

Income Statement - Summary (AED Mn)	Q1'24	Q4'23	qoq %	Q1'23	yoy %
Net interest Income	4,854	4,693	3	4,391	11
Non-interest Income	3,117	2,240	39	2,339	33
<b>Operating Income</b>	<b>7,971</b>	<b>6,933</b>	<b>15</b>	<b>6,730</b>	<b>18</b>
Gain on sale of stake in subsidiary	-	284	na	-	na
<b>Total Income</b>	<b>7,971</b>	<b>7,217</b>	<b>10</b>	<b>6,730</b>	<b>18</b>
Operating expenses	(1,916)	(1,900)	1	(1,688)	14
Net impairment charge	(1,025)	(999)	3	(798)	28
<b>Profit Before Tax</b>	<b>5,031</b>	<b>4,319</b>	<b>16</b>	<b>4,244</b>	<b>19</b>
Non-controlling interests and taxes	(879)	(308)	185	(315)	179
<b>Net Profit After Tax</b>	<b>4,151</b>	<b>4,011</b>	<b>4</b>	<b>3,929</b>	<b>6</b>

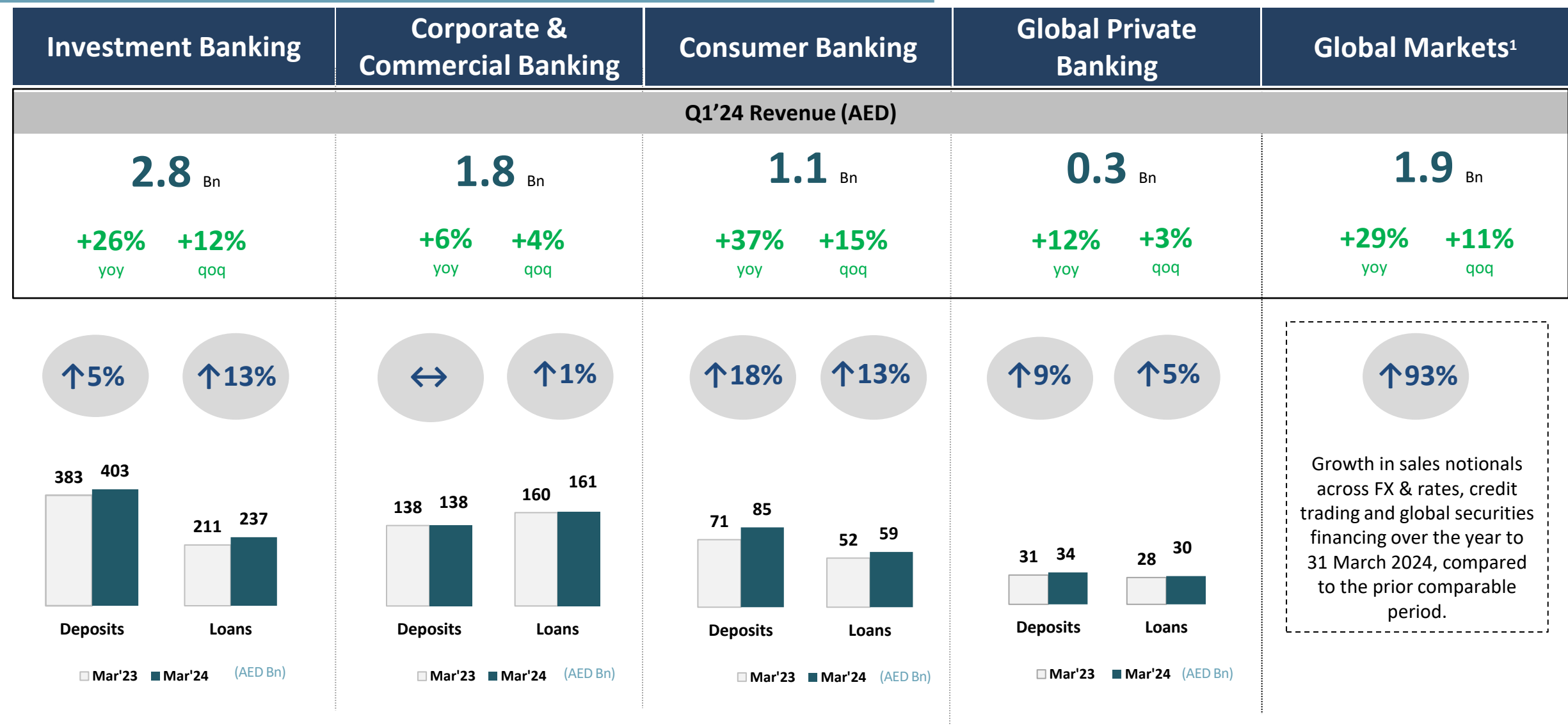
Key Ratios (%)	Mar'24	Dec'23	qoq (bps)	Mar'23	yoy (bps)
Net interest margin	1.92	1.89	3	1.74	18
Cost-Income ratio	24.0	27.4	(337)	25.1	(104)
Non-performing loans ratio	3.7	3.9	(28)	3.8	(13)
Provisioning coverage	99	95	383	101	(267)
Liquidity Coverage Ratio (LCR)	150	145	457	151	(141)
CET1 ratio	13.7	13.8	(16)	13.2	47

- **PBT at AED 5.0Bn** +19% yoy, +16% qoq, driven by strong revenue performance, well-managed expenses and robust asset quality.
- **NPAT at AED 4.2Bn** +6% yoy, +4% qoq (or +11% on underlying basis excluding gains on sale of FAB properties in Q4'23).
- **Operating income at AED 8.0Bn** +18% yoy, +15% qoq, driven by solid business volumes, higher NIMs, along with strong momentum in fees and a healthy sales and trading performance.
- **Positive jaws, outstanding operating efficiency**  
Operating expenses +14% yoy, +1% qoq, Group C/I ratio at 24.0%.
- **Impairment charges** +28% yoy, +3% qoq, reflect prudent provisioning and strong asset quality.
- **Strong capital and liquidity position** with CET1 ratio at 13.7% and LCR at 150%, comfortably in excess of minimum regulatory requirements.

# On track with 2024 financial guidance

		2024 guidance	Q1'24 actuals
 <i>Scale</i>	Loan growth	Mid-single digit	+5% ytd
	Cost of Risk	65-75bps	77bps
 <i>Asset Quality</i>	Provision coverage ratio	> 90%	99%
	RoTE	> 16%	17.4%
 <i>Profitability &amp; Capital</i>	CET1 (pre-dividend)	> 13.5%	13.7%

# Delivering broad-based and diversified growth across businesses...



Growth in sales notionals across FX & rates, credit trading and global securities financing over the year to 31 March 2024, compared to the prior comparable period.

1) 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 Global Market 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 March-end 2024.



# ...geographies...

## Q1'24 operating income

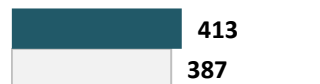
## BS trends (AED Bn) (yoy)

■ Mar'24 ■ Mar'23

### UAE

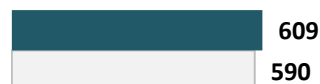
**5.9**  
AED Bn  
**+14%**  
yoy

#### Loans



↑7%

#### Deposits



↑3%

### International

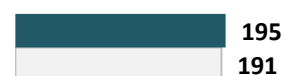
**2.0**  
AED Bn  
**+33%**  
yoy

#### Loans



↑11%

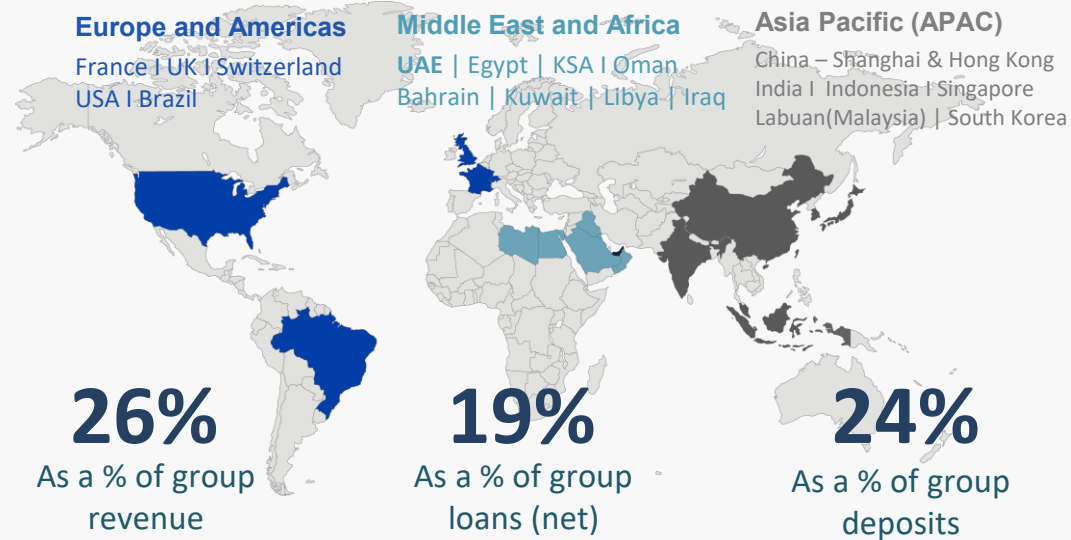
#### Deposits



↑2%



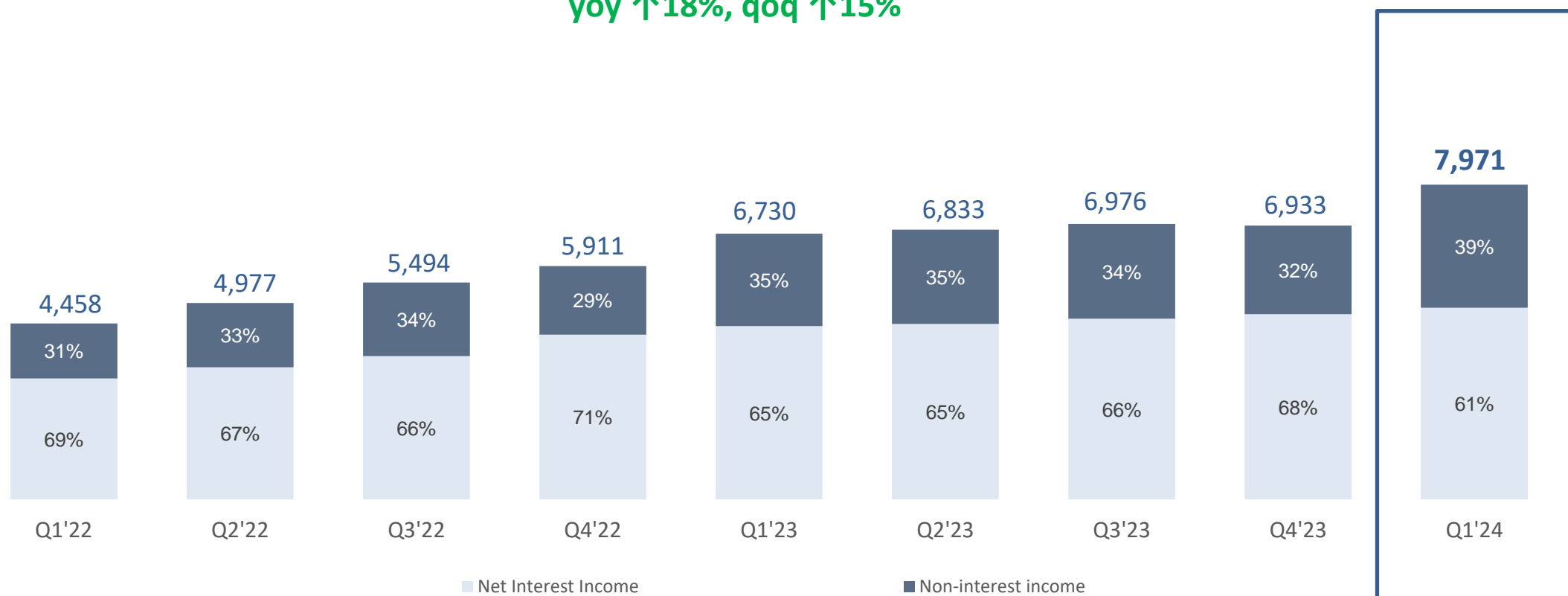
## Strategic global footprint across 20 markets facilitating trade, liquidity and investment flows



# ... and sources of income

Total operating income<sup>1</sup> trends (AED Mn)

yoy ↑18%, qoq ↑15%

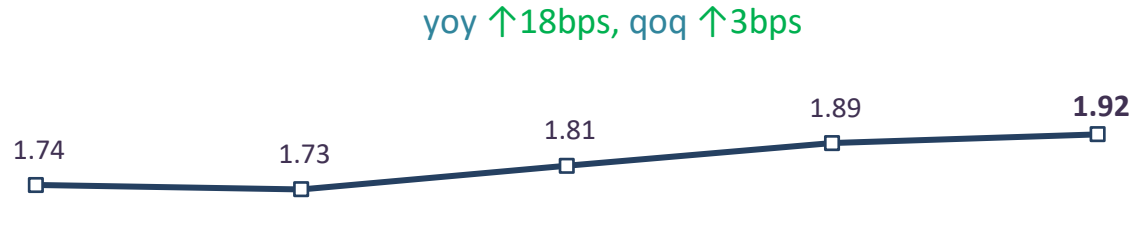


<sup>1</sup> Excluding gains on sale of stake in subsidiaries

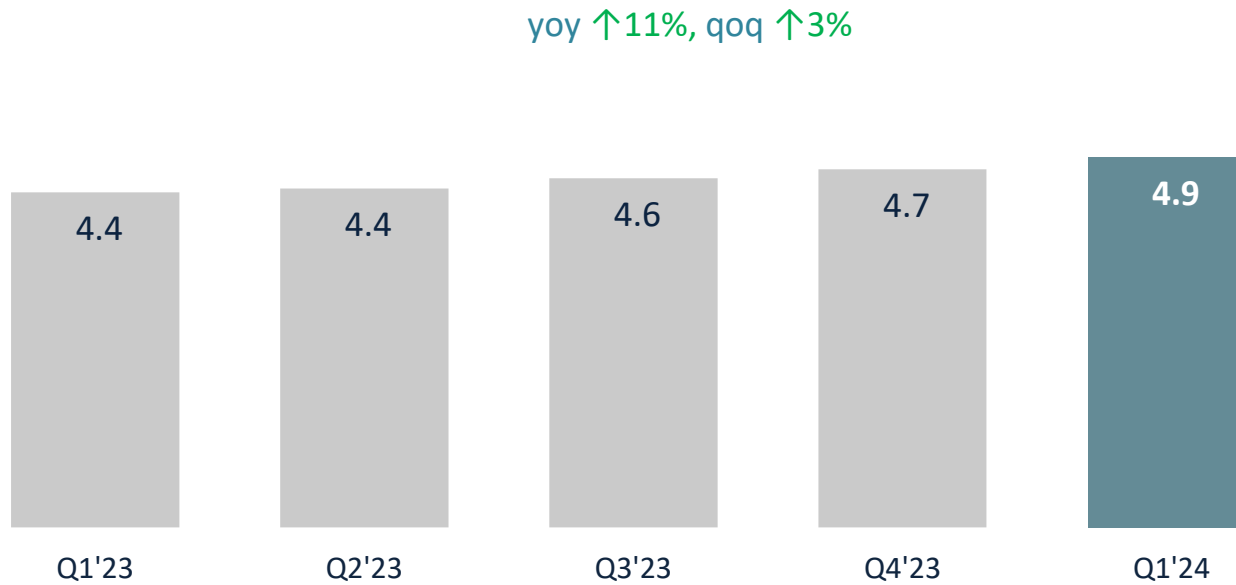


# NIM trends strong and well-positioned for all rate environments

## Net Interest Margin (%)



## Net interest Income (AED Bn)



- **Q1'24 Group NIM** +18bps yoy, +3bps qoq reflecting discipline on both asset and liability pricing, and higher rates.
- P&L impact from -25bps parallel movement in interest rates is estimated at **c. AED (200)Mn, (c.AED 50Mn improvement qoq)** if no offsetting action is taken by management.

Note: All percentage figures are annualised

# NFI momentum reflects franchise strength

Non-interest income (In AED Mn)	Q1'24	qoq%	yoy%
Fees & commissions, net	981	+32	+25
FX and other investment income, net	2,054	+29	+38
Other non-interest income	82	na	+22
<b>Non-interest income</b>	<b>3,117</b>	<b>+39</b>	<b>+33</b>

## NFI +33% yoy driven by:

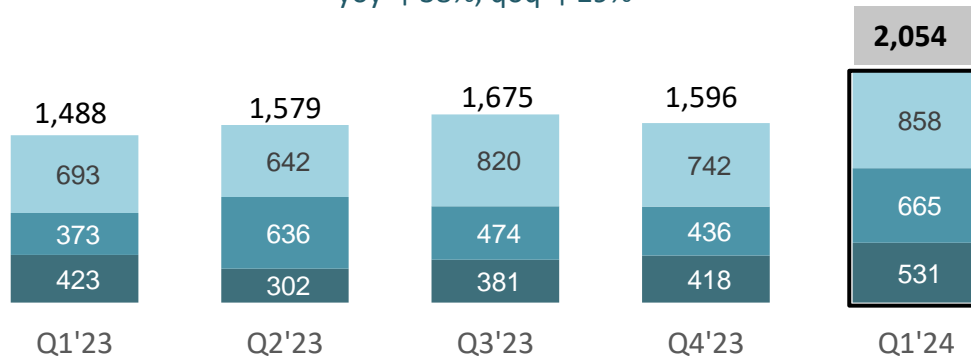
- +25% growth in fees and commissions driven by higher fee income from credit cards, an increase in trade-related fees and deal pipeline execution across several areas.
- +38% growth in FX and other investment income driven by healthy sales and trading performances, including strong client activity across various products.

## FX and other investment income, net

(AED Mn)

■ GM Sales ■ GM Trading ■ Treasury and other

yoy ↑38%, qoq ↑29%

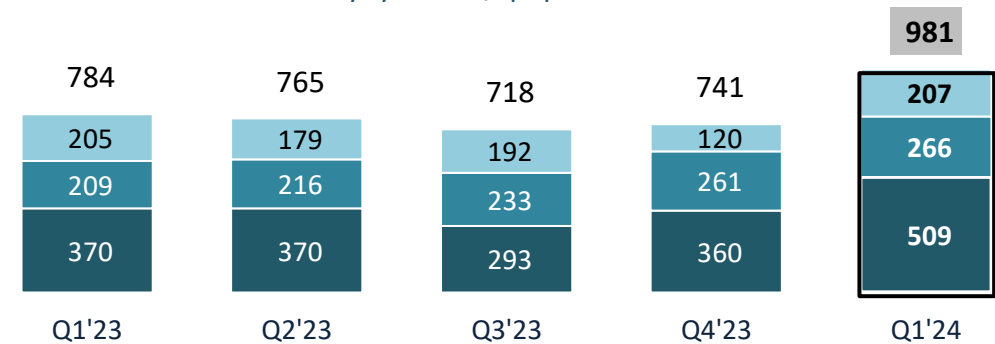


## Fees & commissions, net

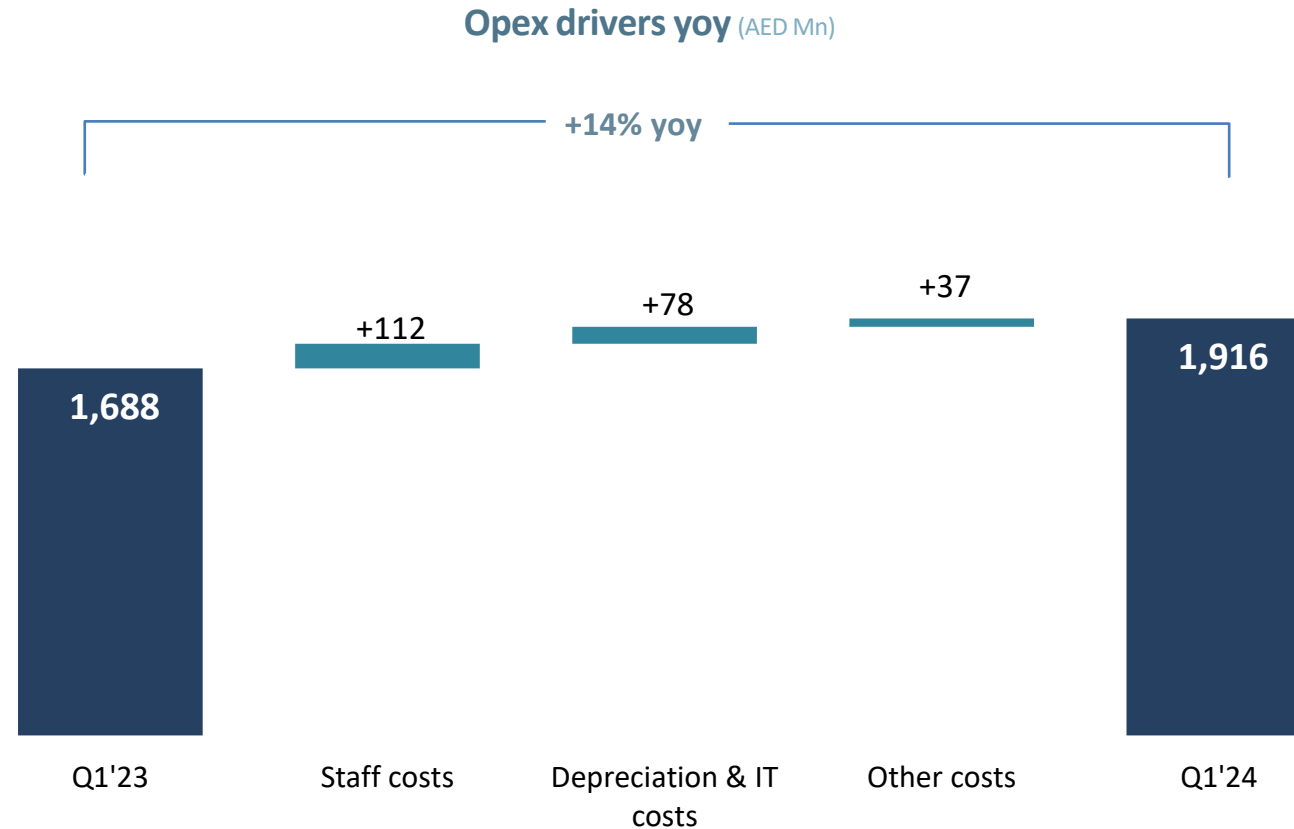
(AED Mn)

■ Loan-related ■ Trade-related ■ Other F&C

yoy ↑25%, qoq ↑32%



# Outstanding operating efficiency



## Cost-to-Income Ratio

**24.0%** ▲

(Q1'23: 25.1%)

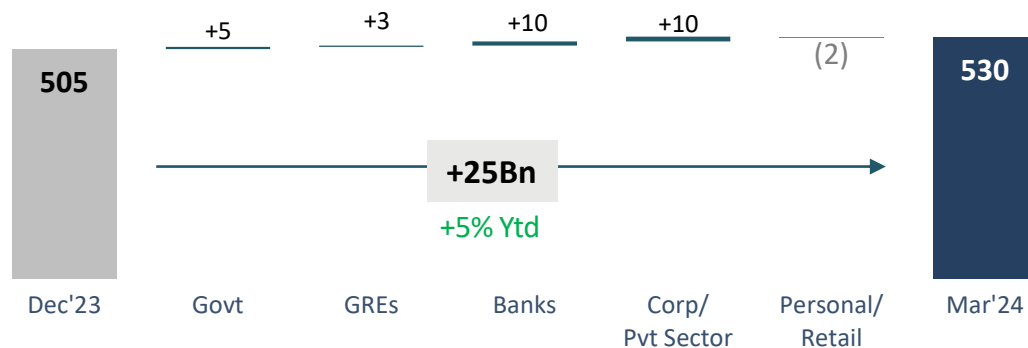
- **Delivered positive jaws** with operating expenses +1% qoq, +14% yoy (vs revenue growth of 18% yoy) reflecting cost discipline, amid ongoing investments to drive future efficiency and productivity gains.

# Balance sheet fundamentals underpinned by strong liquidity profile and diversified funding sources

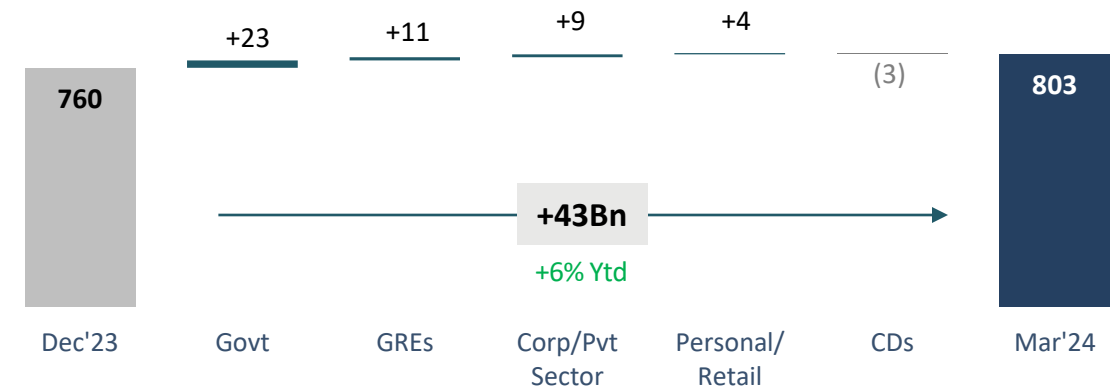
Balance Sheet Summary (AED Bn)	Mar'24	Dec'23	ytd %	Mar'23	yoy%
Cash and balances with central banks	273	233	17	304	(10)
Investments	235	226	4	209	12
Net Loans	508	484	5	473	7
<b>Total Assets</b>	<b>1,235</b>	<b>1,169</b>	6	1,185	4
Customer Deposits	803	760	6	781	3
<i>Of which CASA</i>	341	361	(6)	316	8
<b>Total Liabilities</b>	<b>1,115</b>	<b>1,043</b>	7	1,073	4
<b>Total Equity</b>	<b>120</b>	<b>125</b>	(5)	112	7

- **Total assets grew 4% yoy and 6% ytd**, crossing AED 1.2tn (USD 336Bn) for the first time.
- **Loans, advances and Islamic financing +5% ytd or +AED 24Bn** to AED 508Bn, reflecting market share gains across various sectors, segments and geographies.
- **Customer deposits +6% ytd or +AED 43Bn** from diversified sources, emphasizing FAB's role as an aggregator of regional & International liquidity. CASA balances +8% yoy to AED 341Bn (+25Bn).
- **Robust and diversified liquidity profile** with LCR at 150%, comfortably in excess of regulatory requirements.

Movements in Gross Loans by Counterparty (AED Bn)

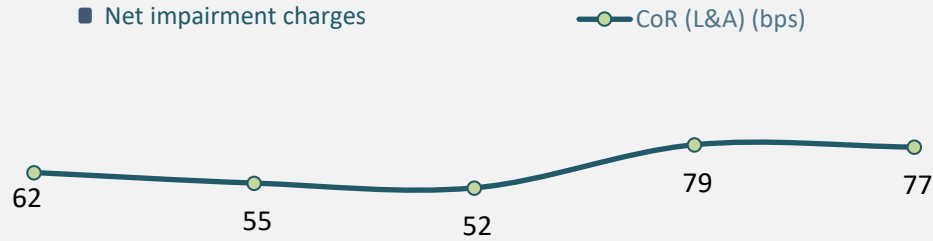


Movements in Deposits by Counterparty (AED Bn)



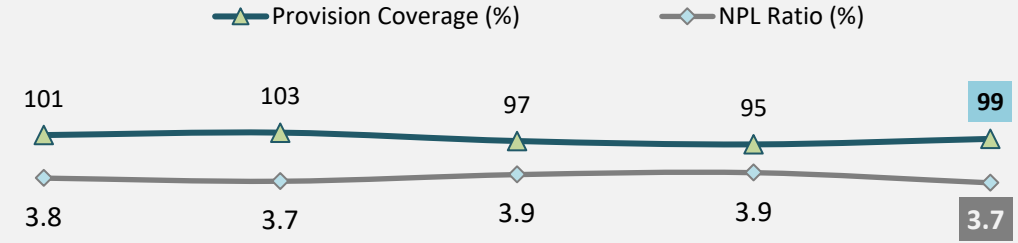
# Improved asset quality metrics underpinned by prudent provisioning

Impairment charges, net (AED Mn) & CoR<sup>1</sup> (bps)

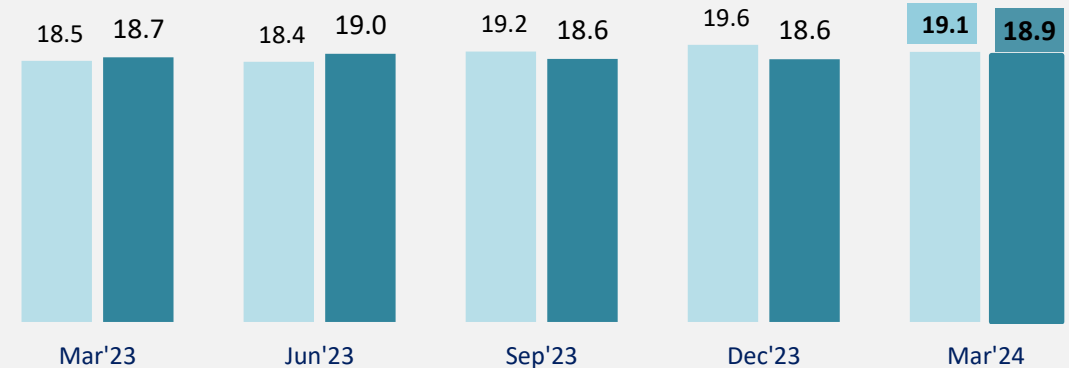


yoy ↑28%, qoq ↑3%

NPLs<sup>2</sup> and ECLs<sup>3</sup> (%)



NPLs (AED Bn) Provisions (AED Bn)



<sup>1</sup> Annualised

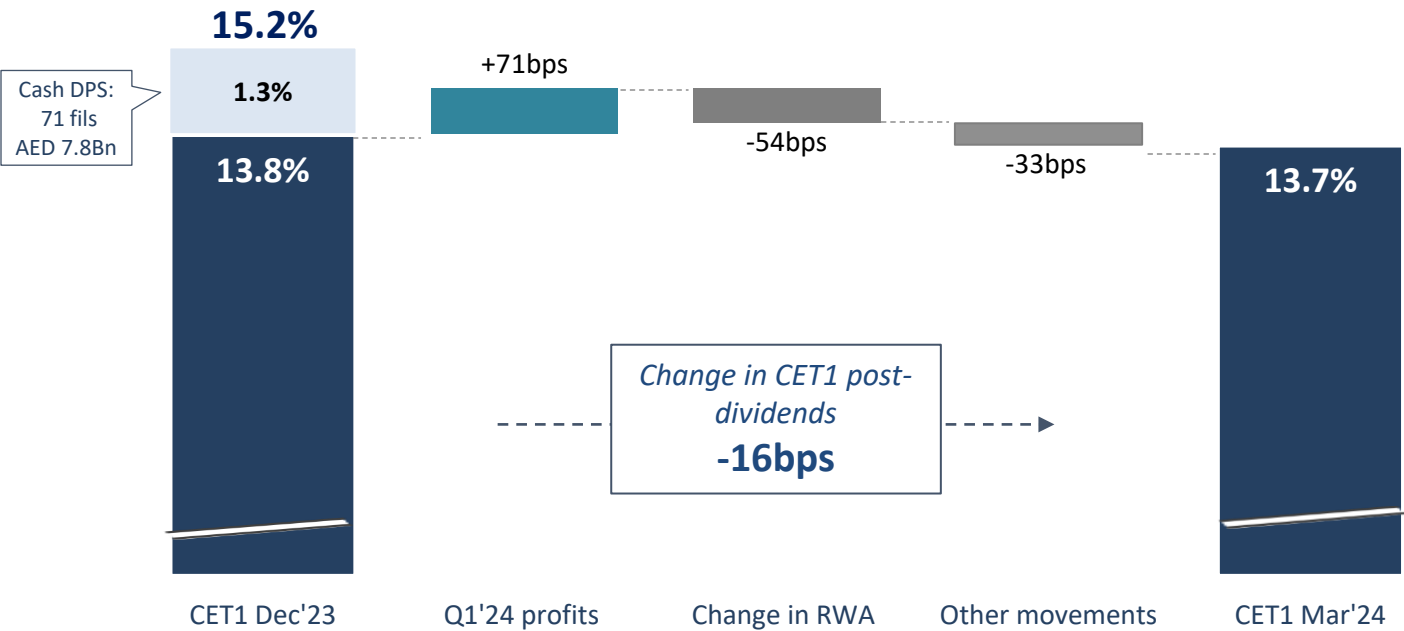
<sup>2</sup> NPLs = Stage 3 exposure + adjusted POCI (Purchase or originally impaired credit) of AED 3,952Mn as of Mar'24 considered as par to NPLs, net of IIS

<sup>3</sup> ECL = ECL on loans, advances & Islamic financing + ECL on unfunded exposures + IFRS9 impairment reserves

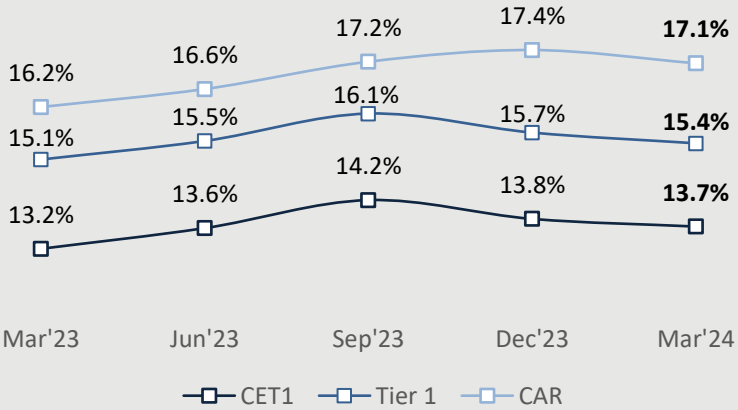
Note: Gross loans and advances and NPLs are net of interest in suspense; see Note 31 'Credit risk' in Q1'24 financials for more details on IFRS9 exposures and ECL

# Strong capital position comfortably above regulatory requirements

CET1<sup>1</sup> ratio progression



CET1, Tier 1 and CAR trends (%)



RWA Movements Ytd '24 (AED Bn)	Dec'23	Movement (AED Bn)	Mar'24
Credit RWA	513	+13	526
Market RWA	36	+7	43
Operational RWA	38	+2	40
Total RWA	587	+22	609

1 Minimum CET1, Tier 1 and CAR requirement by CBUAE – 11.1%, 12.6% & 14.6%, respectively

## Wrap-up

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- **Stellar start to the year with consistent growth in revenue and profits.**
- **New thresholds crossed during the quarter reflect healthy momentum** across businesses, products and geographies.
- **Outstanding returns delivered at scale with RoTE of 17.4%.**
- **On track for FY24 targets and medium-term > 16% RoTE guidance.**



# Appendix

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# Q1'24 highlights – Group financials

Income Statement - Summary (AED Mn)	Q1'24	Q4'23	qoq %	Q1'23	yoy %
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<b>Total Income</b>	<b>7,971</b>	<b>7,217</b>	<b>10</b>	<b>6,730</b>	<b>18</b>
Operating expenses	(1,916)	(1,900)	1	(1,688)	14
Impairment charges, net	(1,025)	(999)	3	(798)	28
<b>Profit before tax</b>	<b>5,031</b>	<b>4,319</b>	<b>16</b>	<b>4,244</b>	<b>19</b>
Non-controlling Interests and Taxes	(879)	(308)	185	(315)	179
<b>Net profit after tax</b>	<b>4,151</b>	<b>4,011</b>	<b>4</b>	<b>3,929</b>	<b>6</b>
<b>Net profit (excluding gain on sale of stake in subsidiary)<sup>1</sup></b>	<b>4,151</b>	<b>3,727</b>	<b>11</b>	<b>3,929</b>	<b>6</b>
Basic Earning per Share (AED)	0.35	0.36	(3)	0.34	4
Balance Sheet - Summary (AED Bn)	Mar'24	Dec'23	ytd %	Mar'23	yoy %
Loans, advances and Islamic financing	508	484	5	473	7
Investments	235	226	4	209	12
Customer deposits	803	760	6	781	3
Of which CASA	341	361	(6)	316	8
Total Assets	1,235	1,169	6	1,185	4
Equity (incl Tier 1 capital notes)	120	125	(5)	112	7
Tangible Equity	89	94	(6)	81	9
Risk Weighted Assets	609	587	4	568	7
Key Ratios <sup>2</sup> (%)	Q1'24	Q4'23	qoq (bps)	Q1'23	yoy (bps)
Net Interest Margin	1.92	1.89	3	1.74	18
Cost-Income ratio <sup>1</sup>	24.0	27.4	(337)	25.1	(104)
Cost of Risk (bps)	77	79	(1)	62	16
Non-performing loans ratio	3.7	3.9	(28)	3.8	(13)
Provision coverage	99	95	383	101	(267)
Liquidity Coverage Ratio (LCR)	150	145	457	151	(141)
Return on Tangible Equity (RoTE)	17.4	16.5	92	18.5	(113)
Return on Risk-weighted Assets (RoRWA)	2.8	2.7	8	2.8	(0)
CET1 ratio	13.7	13.8	(16)	13.2	47
Capital Adequacy ratio	17.1	17.4	(28)	16.2	93

<sup>1</sup> Excluding gain on sale of stake in subsidiaries

<sup>2</sup> All ratios are annualised, where applicable

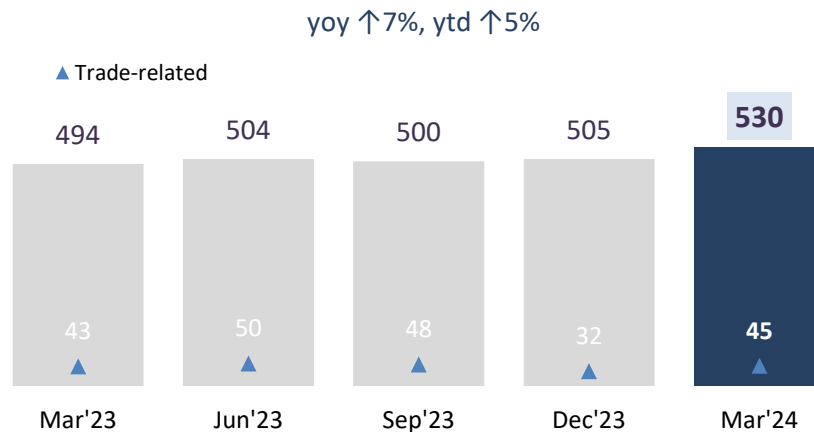


Scan to download full financials

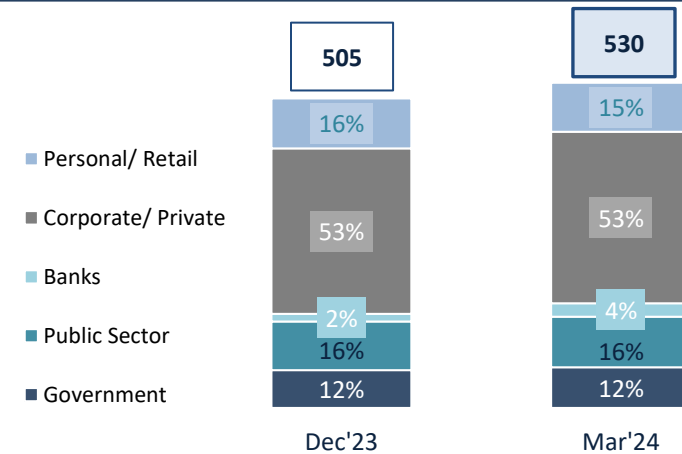
# A well-diversified, high quality loan book

## Gross loans trend

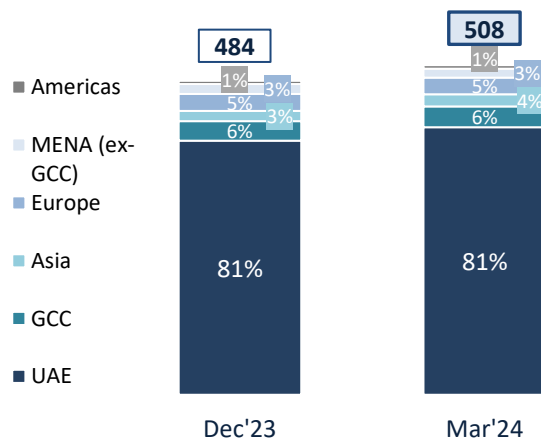
Figures in AED Bn



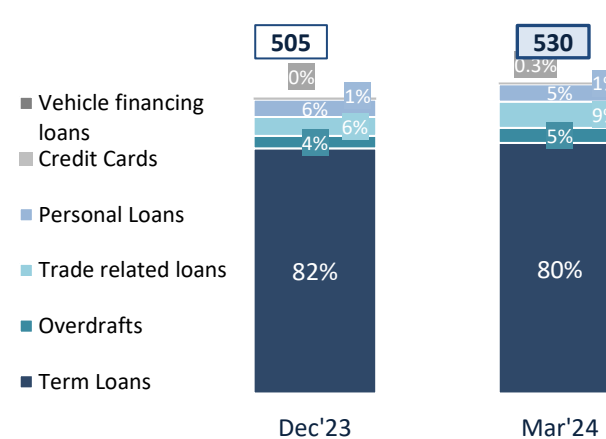
## Gross loans by counterparty



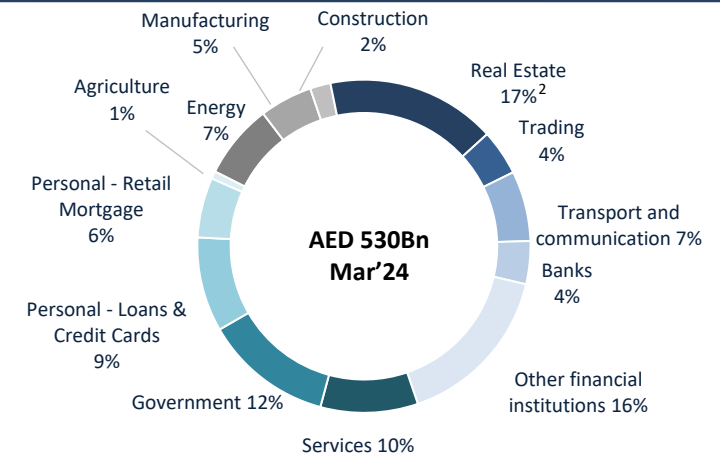
## Net loans by geography<sup>1</sup>



## Gross loans by product



## Gross loans by economic sector



<sup>1</sup> Based on loan origination / coverage

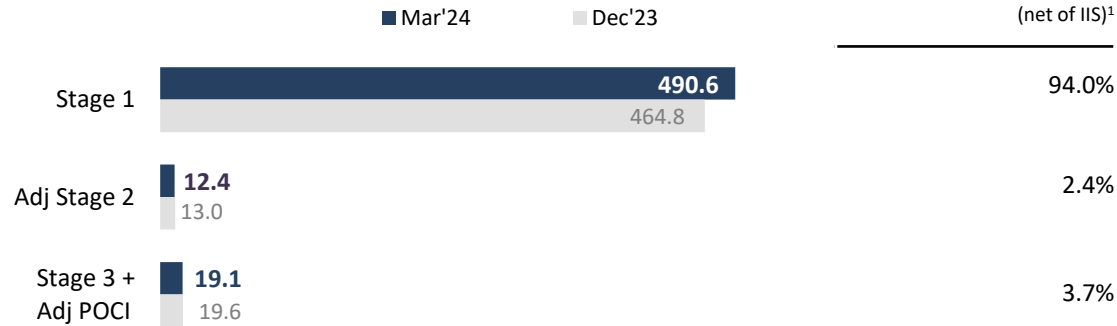
<sup>2</sup> Real Estate by geography: Abu Dhabi 45%, Dubai 22%, Other UAE 3%, UK 18%, Other Intl 13%

# Healthy asset quality and strong provisioning

## Loans by stage

**AED 522.1Bn**  
(Gross loans net of IIS)

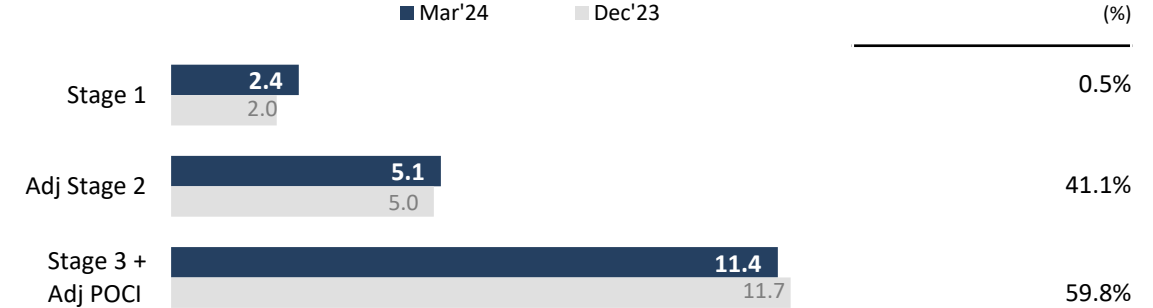
(AED Bn)  
as of Mar'24  
Ratio % of gross loans  
(net of IIS)<sup>1</sup>



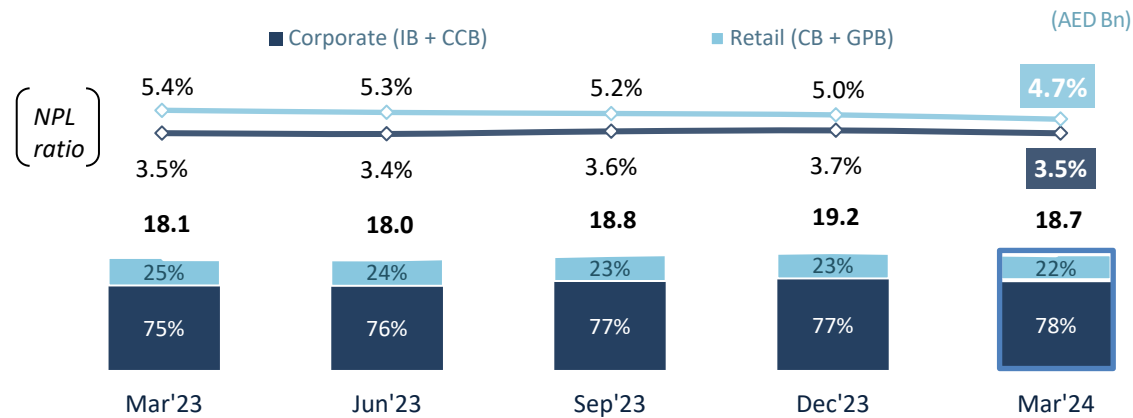
## ECL<sup>2</sup> by stage

**AED 18.9Bn**

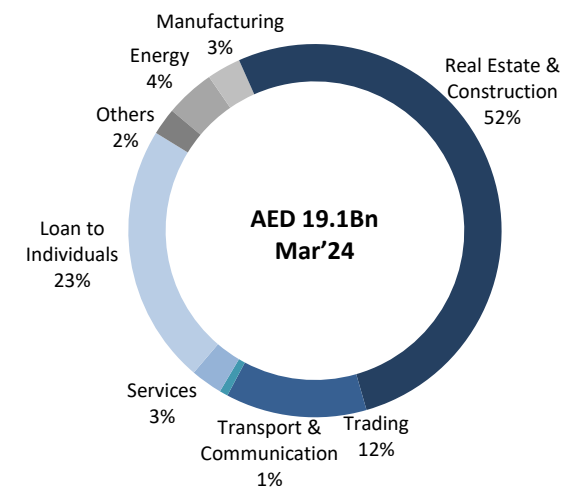
(AED Bn)  
as of Mar'24  
Coverage by stage (%)



## NPLs<sup>1</sup> by segment



## NPLs<sup>1</sup> by sector (%)



<sup>1</sup> NPLs = Stage 3 exposure + adjusted POCI (Purchase or originally impaired credit) of AED 3,952Mn as of Mar'24 considered as par to NPLs, net of IIS; Stage 3+POCI, net of IIS as per Note #31 in Q1'24 financials is AED 19.2Bn;

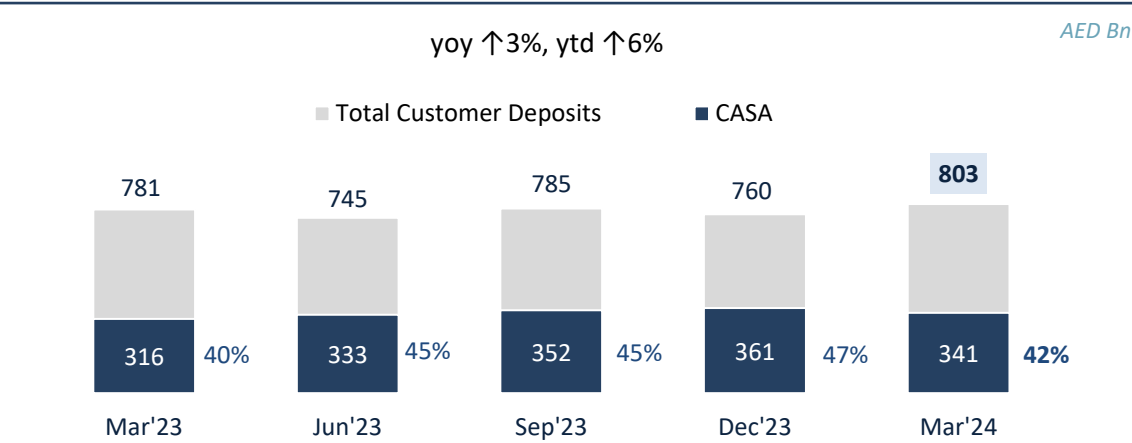
Adj Stage 2 incl POCI not considered as NPLs (AED 103Mn)

<sup>2</sup> ECL = ECL on loans, advances and Islamic financing (13.7Bn) + ECL on unfunded exposures (1.0Bn) + IFRS9 impairment reserve (4.1Bn), of which IFRS9 specific reserve incl in Stage3 (1.2Bn), IFRS9 collective reserve incl in Stage2 (2.9Bn)

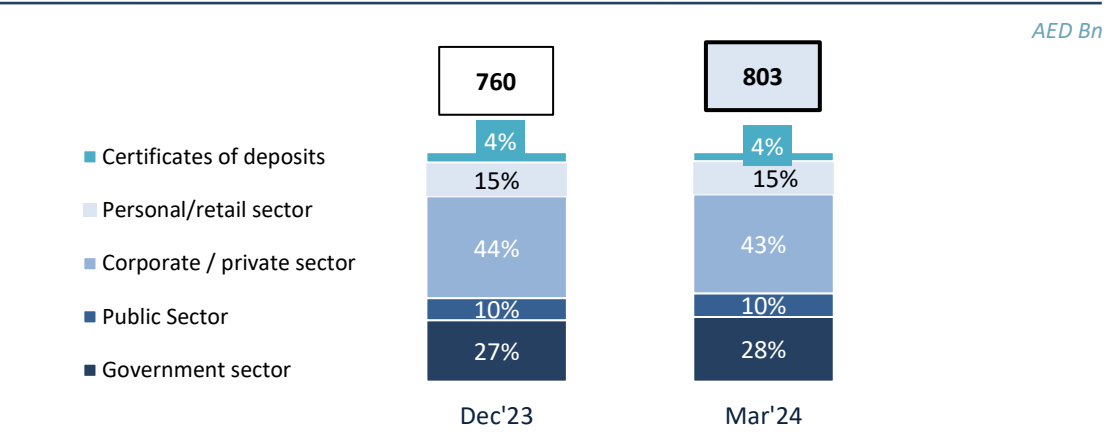
**Note:** Gross loans, advances & Islamic financing and NPLs are net of interest in suspense; see Note #31 Credit Risk in Q1'24 financials for more details on IFRS9 exposures and ECL

# Strong and diversified liquidity profile

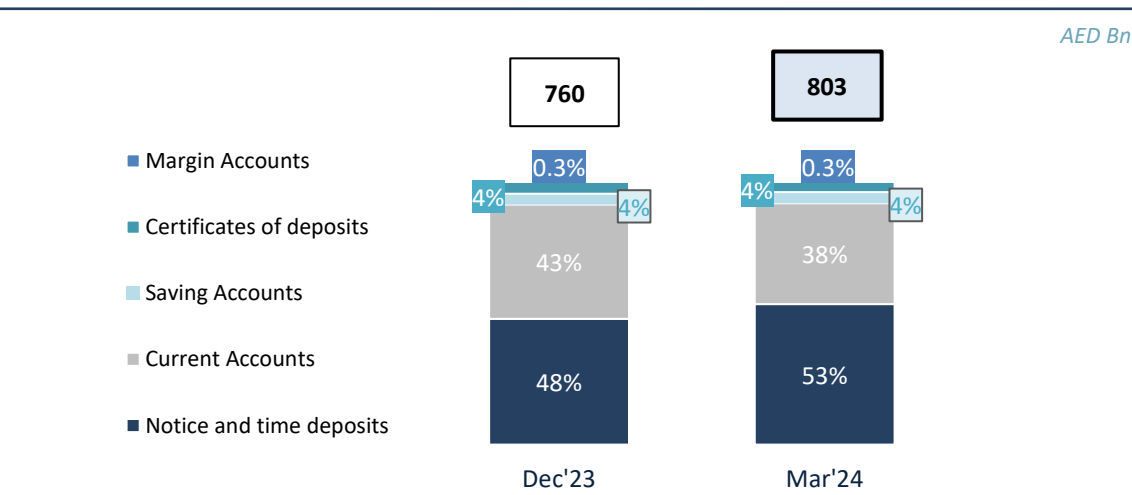
## Customer deposits trend



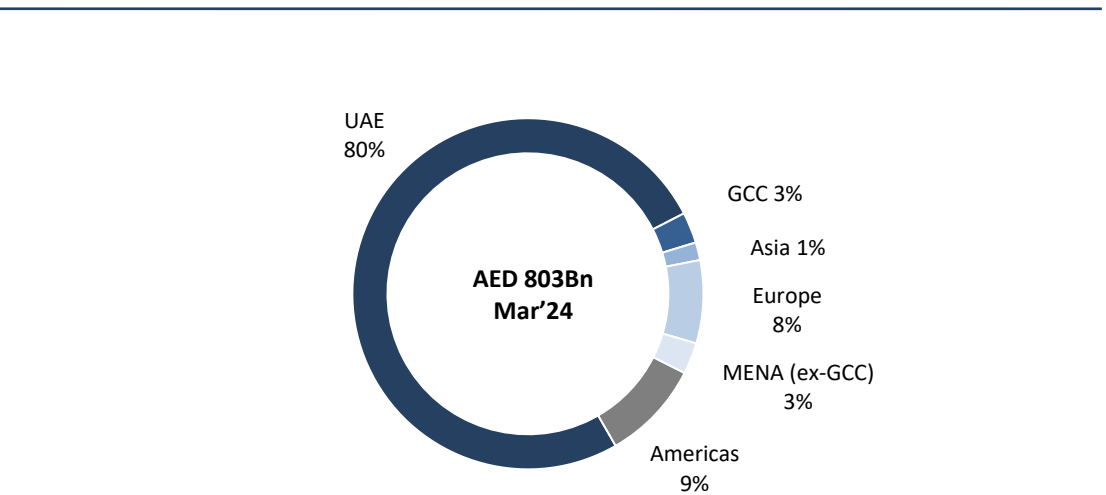
## Customer deposits by counterparty



## Customer deposits by account type

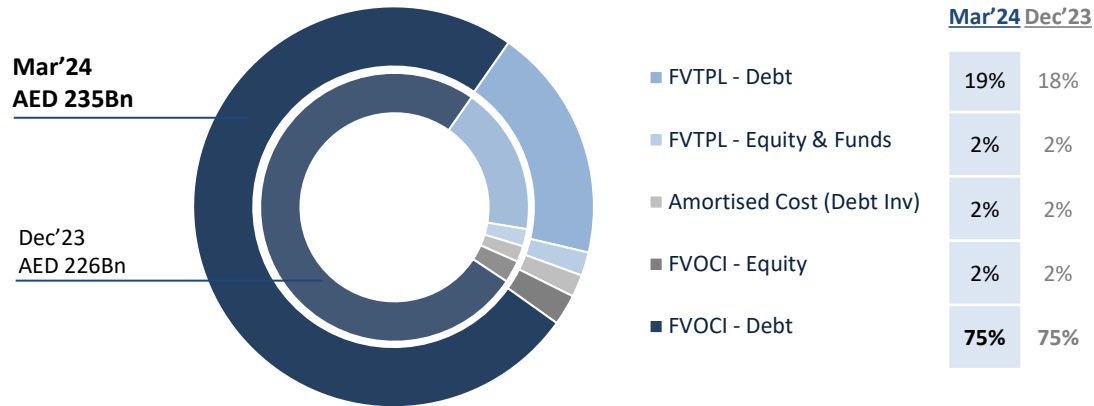


## Customer deposits by geography

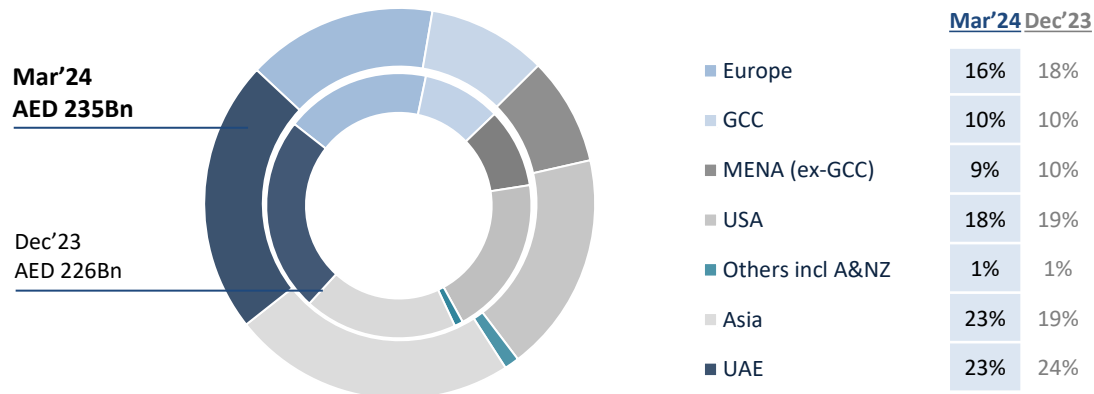


# High quality and diversified investment portfolio

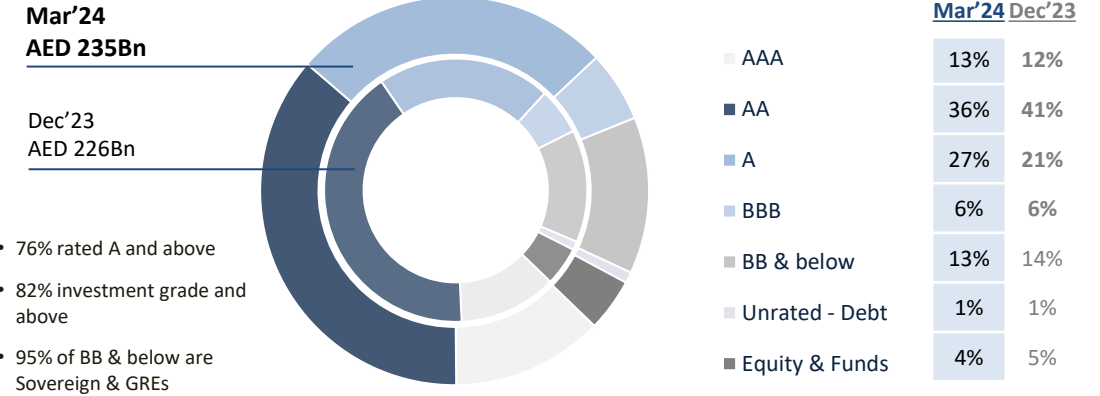
## Investments by type



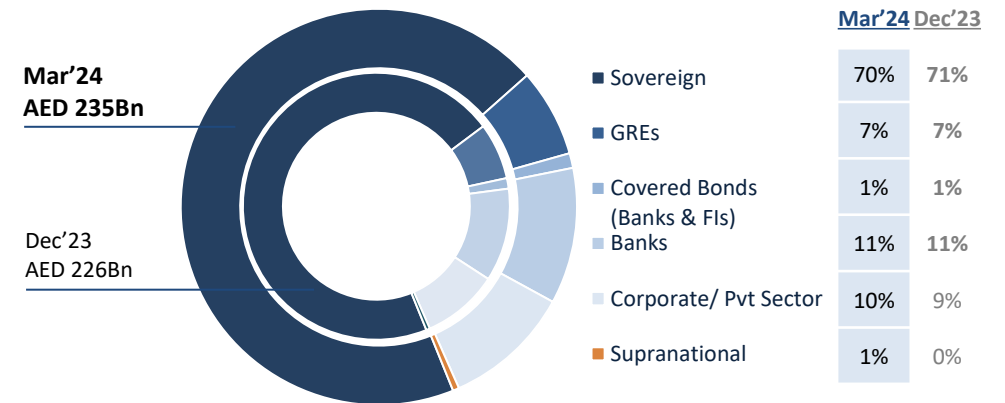
## Investments by geography



## Investments by ratings



## Investments by counterparty



FVTPL – Fair value through profit or loss (previously HFT), Amortised cost – previously HTM, FVOCI – Fair value through other comprehensive income (previously AFS)

Sovereign bonds include sovereign guaranteed bonds issued by GREs, banks & FIs

Note: All totals are Gross investments before ECL (1.7Mn as of Mar'24)

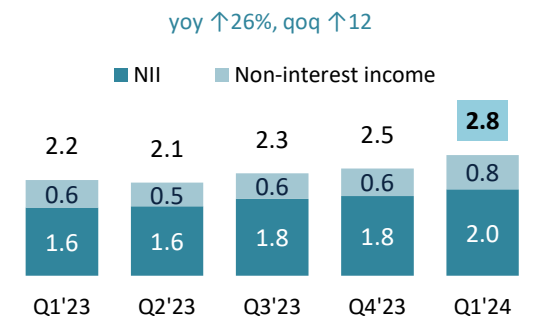
# Segmental overview

## Investment Banking (IB)

### Key highlights

- Strong deal pipeline execution resulted in 27% growth in NII yoy and 24% growth in NFI, with fee income particularly strong
- Balance sheet robustly positioned with loans and deposits up 13% and 5% yoy respectively.

### Quarterly operating income trend (AED Bn)

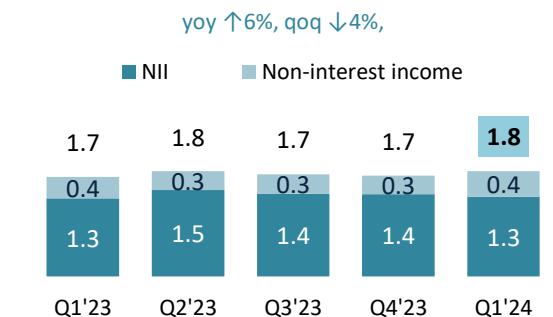


## Corporate and Commercial Banking (CCB)

### Key highlights

- Broad-based revenue growth reflecting heightened client engagement, and uptick in fee income.
- Loans up 1% yoy while deposits remained broadly stable.

### Quarterly operating income trend (AED Bn)

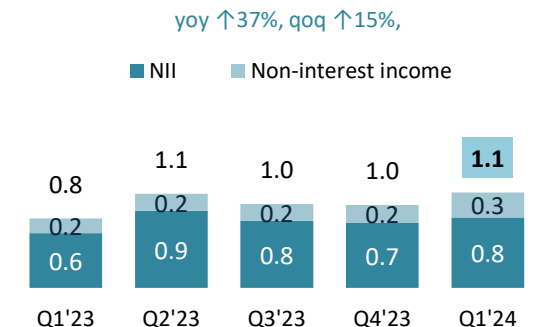


## Consumer Banking (CB)

### Key highlights

- Lending up 13% yoy driven by strong sales momentum across key products while customer deposits grew 18%, reflecting growth in primary relationships and an enhanced digital experience.
- Total customer base grew 19% yoy including a 15% increase in new salaried customers.

### Quarterly operating income trend (AED Bn)

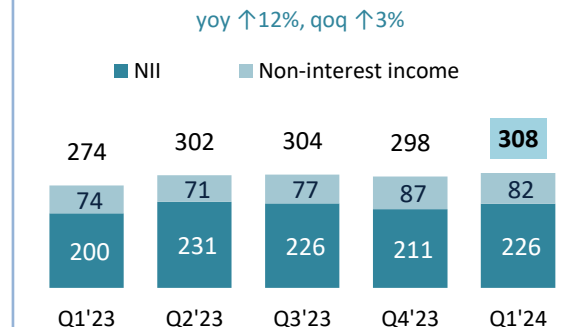


## Global Private Banking (GPB)

### Key highlights

- Double-digit improvements in both net interest and fee income underpinned by AUMs growth of over 30% yoy.
- AUMs growth continues to reflect accelerated client acquisitions and new mandates.

### Quarterly operating income trend (AED Mn)





# Segmental overview

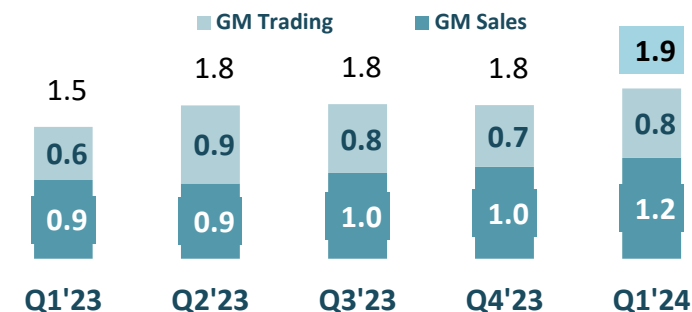
## Global Markets<sup>1</sup>

### Key highlights

- Global Markets Trading revenue was up 31% yoy, driven by strong performance across FX & Rates and Securities Financing.
- Global Markets Sales revenue was up 29% yoy, backed by strong client flow.
- Continued strategic focus on enhancing existing offerings while expanding new core capabilities, particularly in Secured Financing & Client Solutions and Commodities & Energy.
- As a key strategic differentiator for the Group, GM overall contributed 24% to Q1'24 Group revenue and will continue to focus on providing clients with best-in-class solutions to manage risk, optimize their portfolios and to help them navigate market volatility.

### Quarterly operating income trend (AED Bn)

yoy ↑29%, qoq ↑ 11%



1) 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 Global Market 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 March-end 2024.



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