

PRESS RELEASE



FOR THE FULL YEAR ENDED
31 DECEMBER 2022

FAB reports full year 2022 Group Net Profit of AED 13.4 Billion, up 7% year-on-year

Proposed cash dividend¹ per share of 52 fils

“FAB has achieved another record performance in 2022, highlighting solid growth, while demonstrating the strength of our core businesses, with achievements that are in line with our medium-term strategy.”

Hana Al Rostamani
Group Chief Executive Officer

FY'22 Key Performance Indicators

Earnings Per Share	Return on Tangible Equity	Return on RWA	CET1 ratio (post-dividends)	Liquidity Coverage Ratio
AED 1.18 FY'21: AED 1.10	15.7% FY'21: 15.2%	2.3% FY'21: 2.3%	12.6% Dec'21: 12.4%	154% Dec'21: 134%

Record profitability driven by strong underlying business performance in a rising rate environment; prudent risk management and cost discipline maintained amid continued investments

FY'22 highlights:

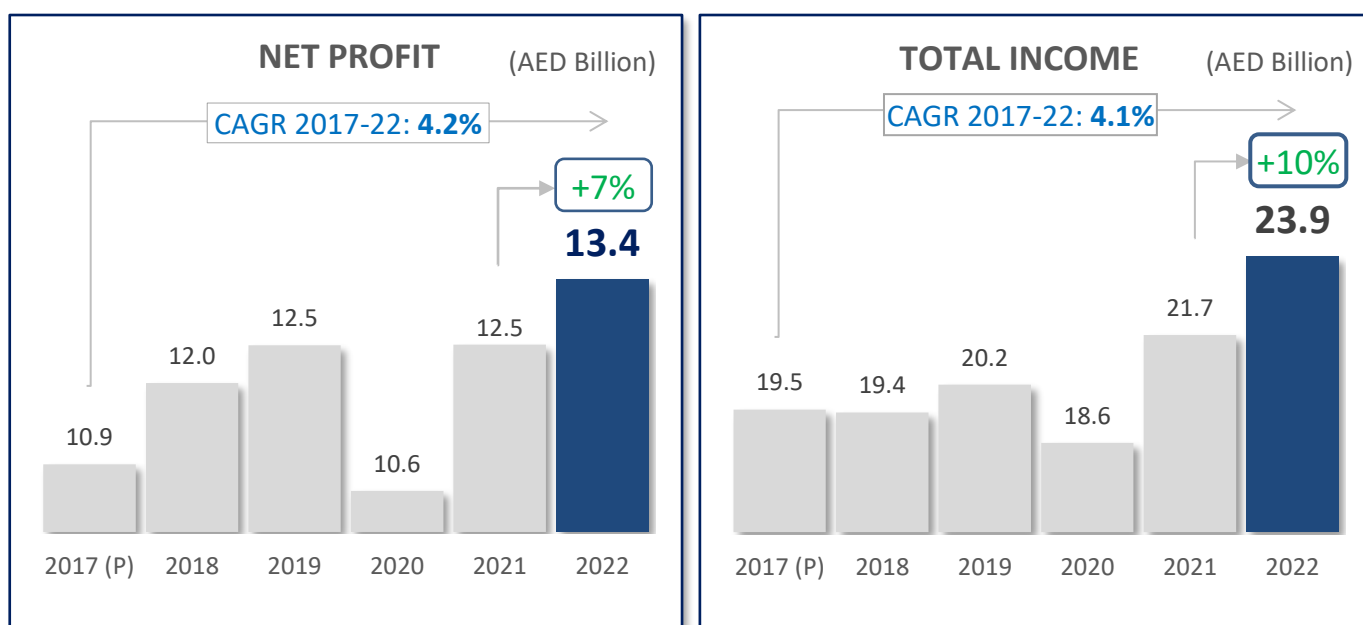
- Group Net Profit at AED 13.4 Billion, up 7% yoy; Earnings per Share at AED 1.18
- Q4'22 net profit was AED 2.5 Billion, compared to AED 2.9 Billion in Q3'22, reflecting prudent provisioning and conservative asset valuations
- Total Income at AED 23.9 Billion, up 10% yoy, driven by 23% growth in net interest income and gain on sale of majority stake in Magnati; enhanced revenue diversification geographically with greater contribution from MENA
- Operating costs at AED 6.7 Billion, up 15% yoy driven by integration of operations in Egypt (FABMisr), write-off of legacy systems in Q4'22 as part of our ongoing technology transformation strategy, as well as continued investments into the business
- Impairment charges (net) at AED 2.8 Billion, up 7% yoy, reflecting prudent provisioning with AED 1.1 Billion charge taken in Q4'22; FY'22 cost of risk at 62 bps compared to 65bps in the prior year

¹ Proposed dividends subject to shareholders approval at FAB's General Assembly Meeting to be held on 28 February 2023

Double-digit balance sheet growth reflects strong business momentum; Group foundation remains robust across all key metrics

- Loans, advances and Islamic financing up 12% to AED 460 Billion, outperforming industry average of 5.5%²
- Customer deposits up 14% to AED 701 Billion; despite rising interest rates, CASA balances grew 3% yoy
- Liquidity Coverage Ratio (LCR) at 154% underlines strong liquidity and funding profile
- NPL ratio of 3.9% with provision coverage of 98%
- Common Equity Tier 1 (CET1) at 12.6% post-proposed dividends, improved 19bps yoy on the back of earnings generation and RWA optimisation
- FAB's Board of Directors recommend cash dividends per share of 52 fils amounting to AED 5.7 Billion for FY'22, compared to 49 fils cash dividends distributed in the prior year

Delivered record net profits and total income since merger



Market-leading growth across assets and liabilities



² Gross credit growth year-on-year as of Nov 2022 as per Central Bank of UAE's monthly banking indicators



**HIS HIGHNESS
 SHEIKH TAHNOON BIN ZAYED AL NAHYAN**

CHAIRMAN

2022 was a year of continued strategic diversification and expansion for the UAE and regional economies, which posted their fastest economic growth in a decade. By capitalising on the favourable macroeconomic conditions, FAB has been laying foundations for the future. **The bank has also been at the forefront of the UAE’s progress in driving sustainable growth** amid a turbulent global backdrop, supported by structural reforms, high oil prices and a recovery across non-oil economic sectors.

The year’s achievements emphasise **FAB’s continuing role as an engine for the region’s economic prosperity, acting as an enabler to unlock new opportunities for clients and stakeholders across our franchise.** We have made solid progress against this vision over the course of the year. In achieving the Group’s highest annual revenue and net profit to-date, FAB has strengthened its strategic position to build a future-proof bank, and to advance the interests of our customers, community, and all our stakeholders.

In line with our firm commitment to create long term sustainable value for our shareholders, FAB’s Board of Directors is **recommending a cash dividend per share of 52 fils** for the full year ended 31 December 2022, compared to 49 fils in 2021.

As the region continues to push forward with ambitious sustainability targets, and with the UAE due to host COP28 in 2023, we now share a responsibility to work together to unlock the nation’s full potential, and to shape a more prosperous future for all. FAB recognises this and has made a **clear commitment to being a pacesetter for the regional energy transition.**

I remain confident that **FAB will continue to play an integral role in furthering economic prosperity and sustainability efforts,** and we look forward to the opportunities that lie ahead for the Group as we continue to pursue our growth journey.





HANA AL ROSTAMANI

GROUP CHIEF EXECUTIVE OFFICER

FAB has achieved another record performance in 2022, highlighting solid growth, while demonstrating the strength of our core businesses, with achievements that are in line with our medium-term strategy.

Group net profit improved 7% year-on-year to AED 13.4 Billion, a historic high for our bank. Strong business volumes have underlined healthy pipeline execution across our diversified business model, while the fundamental strength of our balance sheet, underpinned by a strong liquidity profile and efficient capital management, allowed us to drive improvements in Common Equity Tier 1 (CET1) despite market and regulatory headwinds. In line with our strategy to diversify sources of income and expand internationally, we continued to consolidate and build our presence in priority markets, including in Egypt through FABMisr.

Underlying operating performance across our core businesses was sustained during the fourth quarter despite a more challenging global macroeconomic outlook. This has provided us headroom to further build provision buffers, take a conservative stance on asset valuations, and to continue to invest in our technology platform.

I am proud of the progress we have made in 2022 in several strategic areas, including advancing customer experience, expanding our specialised offerings, and leveraging strategic partnerships to drive value creation across the business. This has led to significant outcomes that have resulted in FAB being the #1 UAE bank in MENA DCM and ECM League tables and the #1 loan agent in MENA by volume of deals, as well as delivering double-digit growth in our international revenue. We are also proud to see our achievements being recognised externally, having recently been awarded Best Consumer Digital Bank in the UAE, Most Innovative Bank, and Best User Experience Design at the Global Finance Awards.

As the UAE enters the Year of Sustainability, we continued to play a crucial role in helping to deliver the region's sustainable finance agenda, with **FAB facilitating over USD 9 Billion worth of sustainable projects**, in line with our USD 75 Billion target by 2030. We also made steady progress in rolling out sustainability-linked products across all customer groups and reaffirmed our leadership position in the Green Bond market, with **around half of our 2022 issuances executed in a green format** across several different currencies.

We remain confident in the resilience of this region and are very **well placed to capitalise on the opportunities to drive superior and sustainable shareholder** returns in 2023 and beyond.



ECONOMIC OVERVIEW

In 2022, global markets had a very challenging year and faced significant downward pressure, driven by multi-decade high inflation, rising interest rates, tighter liquidity and escalated geopolitical tensions. This led to a sharp rise in bond yields and a bear market in stocks that continued to the end of the year. Going into 2023, the outlook remains uncertain, primarily due to ongoing concerns over a global economic slowdown.

In contrast, the UAE economy registered its highest expected real GDP growth in over a decade (+6.7%) supported by higher oil output, relatively moderate inflation, targeted structural reforms to drive economic growth & diversification, and a recovery across key economic sectors including real estate and tourism. This was clearly reflected in the strength of the PMI, remaining in expansion territory through the year, underscoring the strong economic performance within the UAE.

Consequently, the UAE banking sector had a strong boost in profitability driven by an increase in margins and net interest income on the back of higher interest rates. Although credit growth picked up strongly during the year, we expect it to taper in 2023 as a result of moderating GDP growth. Liquidity remains ample and strong, with higher oil prices boding well for deposit inflows. Sectoral asset quality remains healthy while capital positions remain robust at UAE banks, supported by conservative regulatory thresholds versus global peers. Overall, UAE banks are well positioned to capitalise on the tailwinds of higher interest rates and robust regional economic growth, whilst having the capacity to navigate any volatility and challenges that lie ahead.

Going into 2023, we anticipate a relatively benign inflation outlook compared to many parts of the world, which should provide welcome stability against the macroeconomic backdrop. However, the region will not be immune to global price pressures and economic slowdown. Hence, we forecast a more modest real GDP growth rate of around 5.0% for UAE in FY'23, although that growth should be more sustainable as economic diversification continues to evolve.

Q4/ FY'22 SUMMARY FINANCIALS

Income statement - summary (AED Mn)	Q4'22	Q3'22	QoQ %	Q4'21	YoY %	FY'22	FY'21	YoY %
Net interest income	4,209	3,653	15	3,036	39	14,386	11,658	23
Non-interest income	1,703	1,841	(8)	2,660	(36)	6,454	10,023	(36)
Operating income	5,911	5,494	8	5,695	4	20,840	21,681	(4)
Gain on Magnati stake sale (incl fair valuation of retained interest)	-	-	na	-	na	3,094	-	na
Total Income	5,911	5,494	8	5,695	4	23,934	21,681	10
Operating expenses	(2,000)	(1,601)	25	(1,480)	35	(6,705)	(5,836)	15
Operating profit	3,911	3,893	0	4,216	(7)	17,229	15,845	9
Impairment charges, net	(1,106)	(694)	59	(715)	55	(2,839)	(2,658)	7
Non-controlling interests and taxes	(343)	(276)	24	(177)	94	(979)	(655)	49
Net Profit	2,462	2,923	(16)	3,324	(26)	13,411	12,531	7
Basic Earnings per Share (AED)	0.22	0.25	(14)	0.30	(26)	1.18	1.10	7

Balance sheet - summary (AED Bn)	Dec'22	Sep'22	QoQ %	Dec'21	YoY %
Loans, advances & Islamic financing	460	465	(1)	410	12
Investments	206	198	4	191	8
Customer deposits	701	746	(6)	615	14
CASA (deposits)	297	300	(1)	288	3
Total assets	1,110	1,146	(3)	1,001	11
Equity (incl Tier 1 capital notes)	115	112	2	113	2
Tangible equity	84	81	3	82	3
Risk-weighted assets	572	584	(2)	579	(1)

Key Ratios (%)	Q4'22	Q3'22	QoQ (bps)	Q4'21	YoY (bps)	FY'22	FY'21	YoY (bps)
Net interest margin (NIM)	1.63	1.50	13	1.47	16	1.56	1.51	5
Cost-income ratio (ex-integration costs)	33.4	28.7	468	25.4	794	31.6	26.4	520
Cost of risk (bps) (loans, advances & Islamic financing)	86	60	26	65	21	62	65	(2)
Non-performing loans ratio	3.9	3.4	50	4.0	(10)	3.9	4.0	(10)
Provision coverage	98	103	(418)	101	(298)	98	101	(298)
Liquidity coverage ratio (LCR)	154	171	large	134	large	154	134	large
Return on tangible equity (RoTE)	11.1	13.8	(270)	16.1	(499)	15.7	15.2	45
Return on risk-weighted assets (RoRWA)	1.7	2.0	(28)	2.3	(60)	2.3	2.3	2
CET1 ratio	12.6	13.1	(50)	12.4	19	12.6	12.4	19
Capital adequacy ratio	15.6	16.1	(45)	15.4	26	15.6	15.4	26

Notes:

- Cost-income ratio for FY'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, 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 > 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 #48 in the financials for the period ended 31 December 2022.
- Rounding differences may appear in above table

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 302 Billion) as of December-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 'A'), and a constituent of MSCI ESG Leaders and FTSE4Good EM indices.

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

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