

# MANAGEMENT DISCUSSION & ANALYSIS REPORT



FOR THE FULL YEAR ENDED  
31 DECEMBER 2020

**Grow  
Stronger**

بنك أبوظبي الأول

**FAB**

First Abu Dhabi Bank

# FAB reports full year 2020 Group Net Profit of AED 10.6 Billion

Proposed dividend<sup>1</sup> of 74 fils per share

## Resilient financial performance in unprecedented market conditions

FY'20 net profit of AED 10.6 Billion, compared to AED 12.5 Billion in 2019

Q4'20 net profit of AED 3.2 Billion, up 5% year-on-year, and 29% quarter-on-quarter

FY'20 revenue of AED 18.6 Billion, 8% lower year-on-year

Prudent provisioning with net impairment charges up 42% in FY'20 and cost of risk at 63 basis points

Operating costs improved 8% year-on-year amid continued digital and strategic investments

## A robust foundation

Total assets up 12% year-on-year to AED 919 Billion

Customer deposits at AED 541 Billion, and loans and advances at AED 387 Billion, up year-on-year on an adjusted basis

NPL ratio at 3.97%, provision coverage at 95%

Prudent risk management, strong liquidity, funding, and capital ratios underpin FAB's 'AA-' credit ratings

Significant progress against key strategic initiatives, while accelerating our digital transformation

**Hana Al Rostamani appointed Group CEO as André Sayegh takes board seat,**  
subject to final regulatory and shareholder approvals

## FY'20 Key Performance Indicators

Earnings Per Share (EPS)

**93 fils**

FY'19: AED 1.10

Return on Tangible Equity (RoTE)

**13.0%**

FY'19: 16.1%

Cost-to-Income Ratio

**27.0%**

FY'19: 26.7%

CET1 Ratio

**13.3%**

FY'19: 13.5%

Liquidity Coverage Ratio

**143%**

FY'19: 129%

Annualised

Ex-integration costs

Post-dividends<sup>1</sup>

### Abu Dhabi, UAE (26 January 2021)

First Abu Dhabi Bank (FAB), the UAE's largest bank and one of the world's largest and safest financial institutions, today reported its financial results for the full year 2020.

FAB delivered a resilient performance in 2020 with a Group Net Profit of AED 10.6 Billion for the full year ended 31 December 2020, compared to AED 12.5 Billion in 2019. Profitability was lower year-on-year reflecting unprecedented market conditions, record low interest rates and the pandemic-driven economic slowdown, resulting in lower revenue and higher impairment charges, partly mitigated by cost optimisation initiatives. The Bank consistently demonstrated balance sheet strength throughout the year, ending the period with solid liquidity, funding, and capital ratios, and resilient asset quality metrics highlighting its conservative risk profile, supported by the relief measures under the UAE Central Bank TESS programme.

<sup>1</sup>Proposed dividends subject to approval by FAB's shareholders at the General Assembly Meeting to be held on 28 February 2021



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

CHAIRMAN

2020 has been a year like no other, posing extraordinary challenges to the people and economies of the world that have been met with ingenuity, agility and collaboration. I am grateful to the UAE's leadership for their guidance and decisive action in response to the pandemic, and to our board, management, employees and customers for their support and dedication throughout 2020.

Against the turbulent and uncertain backdrop of 2020, FAB showcased strength, resilience and adaptability while supporting our customers, employees and communities in navigating unprecedented times and focusing on the long-term sustainability of our bank. We look back with pride on a year of leadership, collaboration and achievement, culminating in being named Banking Company of the Year at the 2020 Gulf Business Awards. In line with our commitment to deliver superior shareholder returns, FAB's Board of Directors has recommended a cash dividend distribution of 74 fils<sup>1</sup> per share for the full year ended 31 December 2020.

As we look to the future and life after the pandemic, we are excited about the opportunity to deliver on our purpose to create value for our stakeholders by powering the UAE's long-term growth. We are also committed to playing our part in creating a more sustainable world for the communities we serve and 2021 will see FAB continue to grow the bank around our customers wherever we operate, and to strengthen the foundation for our long-term success.

Today we also announce that André Sayegh, Group Chief Executive Officer, will be retiring next month after 21 years with First Abu Dhabi Bank (FAB) and previously First Gulf Bank (FGB). André Sayegh made a major contribution to the bank during his long tenure, culminating in 2020's resilient performance despite the challenges facing the global banking sector and wider economy. FAB's board and I express our gratitude and appreciation for André Sayegh's achievements during his tenure and are pleased to nominate him to the Group's Board of Directors, pending the approval of the Central Bank of the United Arab Emirates and the bank's general assembly.

I am delighted to announce that Hana Al Rostamani, Deputy Group Chief Executive Officer and Head of Personal Banking, will succeed André Sayegh as the new Group Chief Executive Officer. Hana Al Rostamani has more than 22 years of local and international experience in banking and financial services industry and has served as an independent director in Emirates Integrated Telecommunication Company (DU) and was Vice-Chairperson of the Emirates Institute for Banking and Financial Services (EIBFS). She is currently the Chairperson of FAB Private Bank Suisse (SA).

FAB has always been an organisation that champions diversity and the appointment of our first female Group CEO to lead our company into the future is truly something to value.





## ANDRÉ SAYEGH

GROUP CHIEF EXECUTIVE OFFICER

FAB delivered a resilient financial performance despite the extraordinary events of 2020 with a full-year net profit of AED 10.6 Billion. We successfully adapted to a rapidly changing environment, effectively managing key risks while maintaining a strong balance sheet, enabling us to provide a deep level of support to our customers and partners, complementing the relief measures under the UAE Central Bank's Targeted Economic Support Scheme, and the bank's own initiatives. In a year of heightened uncertainty, FAB maintained solid business momentum, demonstrating leading expertise and execution capabilities, and further deepening client relationships. FAB was the only bank to feature in the top five rankings across all regional league tables in 2020, which is a notable achievement. Our underlying strength and superior credit profile also saw us continue to stand out globally among the safest and strongest banks, with our AA- credit rating reaffirmed by all three major rating agencies.

In 2020, we focused not only on the immediate challenges created by the pandemic but also on positioning ourselves for future success, making significant progress against our strategic agenda, accelerating our digital transformation journey and unlocking value for our stakeholders. In particular, we demonstrated our ability to leverage data, technology, and innovation to elevate the customer experience and increase efficiency and productivity. With an eye squarely on thriving in the future, we invested in ADQ's new digital bank, announced plans to carve out our payments business, and introduced many new banking innovations to the market. Our recent agreement to acquire Bank Audi-Egypt is another milestone and FAB's first international acquisition, which will enable us to expand in a high potential market in line with our targeted growth plans in MENA.

The appointment of Hana Al Rostamani as FAB's next Group CEO is an important milestone for our bank and our industry. Having successfully led our retail banking division for many years, she is exceptionally well placed to deliver on the bank's customer and digital first vision.

I am proud of what we were able to achieve in such adverse conditions in 2020, and I am fully confident in our ability to deliver sustainable value for our shareholders and stakeholders, as we continue to build on our strengths, deliver on our purpose and mission, and embed Environmental, Social, and Governance factors into the way that we do business.





## JAMES BURDETT

GROUP CHIEF FINANCIAL OFFICER

The Group delivered a net profit of AED 10.6 Billion for the full year 2020, buoyed by a strong performance in the fourth quarter with net profits of AED 3.2 Billion, an increase of 29% from the third quarter. This solid result, against the backdrop of one of the most challenging periods in history for banks globally, was achieved through continued cost and risk discipline, sustained business momentum, exceptional client engagement, as well as targeted management initiatives, which partially offset the headwinds from record low interest rates and the overall economic slowdown brought about by the pandemic. Our prudent risk management approach has held us in good stead throughout this difficult year as we continued to strengthen our provision buffers with provision coverage at 95%, and net impairment charges up 42% year-on-year to AED 2.6 Billion, with recovery efforts on a few legacy accounts yielding positive results in the second half of the year. While operating costs were 8% lower year-on-year, we will continue to invest in our digital and technology infrastructure to further enhance productivity, create future efficiencies and an agile operating model. Our liquidity position remains very strong, and our robust capital position enables us to reward our shareholders whilst maintaining sufficient capacity, comfortably above regulatory thresholds.

Looking ahead and despite ongoing uncertainties, we expect a gradual recovery as the COVID-19 vaccine rollout gathers momentum, and government stimulus measures support the economic rebound. Against this backdrop, FAB enters 2021 in a position of strength, well placed to leverage on our commanding local positioning, our strategic initiatives and strong execution capabilities, to support our long-term growth and transformation journey.



## Q4/FY'20 SUMMARY FINANCIALS

Income Statement - Summary (AED Mn)	Q4'20	Q3'20	QoQ %	Q4'19	YoY %	FY'20	FY'19	YoY %
Net interest Income	3,079	2,854	8	3,031	2	12,256	12,775	(4)
Non- interest Income	1,829	1,451	26	2,050	(11)	6,317	7,474	(15)
<b>Total Operating Income</b>	<b>4,908</b>	<b>4,305</b>	<b>14</b>	<b>5,081</b>	<b>(3)</b>	<b>18,574</b>	<b>20,249</b>	<b>(8)</b>
Operating expenses	(1,264)	(1,207)	5	(1,415)	(11)	(5,060)	(5,499)	(8)
<b>Operating profit</b>	<b>3,643</b>	<b>3,098</b>	<b>18</b>	<b>3,666</b>	<b>(1)</b>	<b>13,514</b>	<b>14,750</b>	<b>(8)</b>
Impairment charges, net	(318)	(504)	(37)	(499)	(36)	(2,620)	(1,843)	42
Non Controlling Interests and Taxes	(96)	(89)	8	(86)	12	(338)	(387)	(13)
<b>Net Profit</b>	<b>3,230</b>	<b>2,506</b>	<b>29</b>	<b>3,081</b>	<b>5</b>	<b>10,555</b>	<b>12,520</b>	<b>(16)</b>
Basic Earning per Share (AED)	1.18	0.86	38	1.10	8	0.93	1.10	(15)

Balance Sheet - Summary (AED Bn)	Dec'20	Sep'20	QoQ %	Dec'19	YoY %
Loans and advances, net	387	389	(1)	408	(5)
Customer deposits	541	602	(10)	519	4
CASA (deposits)	223	216	3	174	28
Total Assets	919	955	(4)	822	12
Equity (incl Tier 1 capital notes)	109	101	7	108	1
Tangible Equity	79	74	7	77	2

Key Ratios (%)	Q4'20	Q3'20	QoQ (bps)	Q4'19	YoY (bps)	FY'20	FY'19	YoY (bps)
Net Interest Margin	1.62	1.62	0	1.89	(27)	1.75	2.11	(36)
Cost-Income ratio (ex-integration costs)	25.7	28.0	(230)	27.5	(179)	27.0	26.7	33
Cost of Risk (bps) (loans & advances)	37	44	(7)	48	(11)	63	48	15
Non-performing loans ratio	3.97	3.92	5	3.23	74	3.97	3.23	74
Provision coverage	95	96	(134)	93	170	95	93	170
Liquidity Coverage Ratio (LCR)	143	155	<-999	129	>999	143	129	>999
Return on Tangible Equity (RoTE)	16.4	13.4	295	15.5	87	13.0	16.1	(309)
Return on Risk-weighted Assets (RoRWA)	2.53	1.98	56	2.49	5	2.13	2.56	(43)
CET1 ratio (post-dividends)	13.3	14.0	(77)	13.5	(26)	13.3	13.5	(26)
Capital Adequacy ratio	16.5	16.8	(22)	16.9	(35)	16.5	16.9	(35)

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
- 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 the dedicated page on the IR section of our corporate website: <https://www.bankfab.com/en-ae/about-fab/investor-relations/reports-and-presentations/key-annual-figures>
- Rounding differences may appear in above table

## OPERATING PERFORMANCE

Operating Income (AED Mn)	Q4'20	Q3'20	QoQ %	Q4'19	YoY %	FY'20	FY'19	YoY %
Net interest Income	3,079	2,854	8	3,031	2	12,256	12,775	(4)
Non-interest Income	1,829	1,451	26	2,050	(11)	6,317	7,474	(15)
Fees & commissions, net	651	777	(16)	783	(17)	2,903	3,169	(8)
FX and investment income, net	590	627	(6)	1,196	(51)	2,191	4,107	(47)
Other non-interest income	588	46	>999	71	726	1,223	198	519
<b>Total Operating Income</b>	<b>4,908</b>	<b>4,305</b>	<b>14</b>	<b>5,081</b>	<b>(3)</b>	<b>18,574</b>	<b>20,249</b>	<b>(8)</b>

**Group Revenue** for the full year ended 31 December 2020 was AED 18.6 Billion, compared to AED 20.2 Billion in the prior year period.

**Net Interest Income** (including Islamic Financing Income) was AED 12.3 Billion, 4% lower year-on-year, reflecting the adverse impact of rate cuts, partly offset by the placement of short-term liquidity with Central Banks earning positive yields, higher interest in suspense reversals, and lending growth in a subdued environment. **Net Interest Margin (NIM)** for the full year of 2020 was 1.75%, compared to 2.11% in 2019.

**Non-interest income** was AED 6.3 Billion. Fees and commissions were 8% lower year-on-year reflecting the slowdown in activity due to the pandemic. FX and investment income also reduced year-on-year primarily due to lower returns from our liquidity arbitrage activity, marked-to-market revaluations on trading portfolios and lower income from liquidations compared to the prior year, partly offset by continued strength in strategic client flow products. Other non-interest income grew considerably, mainly driven by the sale of the legacy FGB banking license, and property-related gains, in response to the new environment and the adoption of flexible working arrangements.

Amid ongoing investments in key strategic and digital initiatives, **operating expenses** improved 8% year-on-year as a result of targeted actions and cost discipline, while **cost-to-income ratio** (ex-integration costs) remained at an industry-leading level of 27.0%.

## ASSET QUALITY

The Group presents resilient asset quality metrics as of December-end 2020, underpinned by diligent risk management, a conservative risk profile, and the relief measures under the UAE Central Bank TESS programme.

**Non-Performing Loans** were AED 15.8 Billion as of December-end 2020, compared to AED 13.5 Billion at the end of 2019, reflecting a challenging operating environment due to the COVID-19 pandemic. **NPL ratio** was 3.97%, broadly stable sequentially, and up from 3.23% as of December-end 2019.

**Net impairment charges** were up 42% year-on-year to AED 2.6 Billion, with gross impairment charges at AED 3.7 Billion reflecting prudent provisioning, and the successful resolution of legacy cases in the second half of the year. Cost of risk was 63 basis points for the full year in 2020, compared to 48 basis points in 2019.

Total ECL / provisions were AED 15.0 Billion, representing an adequate **provision coverage ratio** of 95%.

Under the UAE Central Bank Targeted Economic Support Scheme (TESS), FAB provided payment deferrals of over AED 9 Billion on a cumulative basis in addition to relief measures extended through the bank's own programmes of over AED 1 Billion. As of December-end 2020, payment deferrals extended to customers under TESS stood at AED 3.5 Billion.

## BALANCE SHEET TRENDS

**Total assets** grew 12% year-on-year to AED 919 Billion. Excluding a large short-term facility at 2019-end, **loans and advances** (net) were up 2% year-on-year to AED 387 Billion, primarily driven by government and public sector lending. Loans and advances were lower in the fourth quarter mainly due to the tactical rundown of our short-term trade portfolio.

**Customer deposits** were AED 541 Billion, up 4% year-on-year, or 11% excluding a large short-term deposit in the prior comparative period. Customer deposits sourced from our global network grew 20%, reflecting FAB's 'flight-to-safety' status and role as an aggregator of regional and international liquidity. Current Account and Savings Account (CASA) balances grew 28% to AED 223 Billion, and now represent 41% of total deposits. Following sizeable short-term inflows in the third quarter, customer deposits were lower sequentially.

**Liquidity Coverage Ratio (LCR)** was 143% as of December-end 2020, demonstrating our strong liquidity position, and remains comfortably in excess of Basel III minimum regulatory requirement of 100%, as well as the minimum of 70% established by the UAE Central Bank as part of temporary liquidity relief measures under TESS.

During 2020, FAB successfully raised USD 4.4 Billion of senior **wholesale funding** at competitive pricing, across multiple platforms and geographies. The senior wholesale funding was raised across benchmark Sukuk, Kangaroo and Sterling transactions as well as USD 1.625 Billion of callable Formosa Bonds, CNH 5 Billion of fixed Formosa Bonds and various private placements, including a HKD 750 Million green private placement highlighting the Group's continued focus and regional leadership in the green bond market. In the first weeks of 2021, the Group has been active, issuing USD 1.3 Billion equivalent of senior wholesale funding through a USD 500 Million 5-year Sukuk, a CNY 1.5 Billion Formosa and private placements in HKD, JPY and USD. FAB also called its USD 750 Million 5.25% Additional Tier 1 (AT1) capital instrument in June 2020 on its first call date and replaced it with a new USD 750 Million AT1 instrument at 4.50%.

## EQUITY, CAPITAL AND RETURNS

**Total shareholders' equity** (including Tier 1 capital notes) stood at AED 109 Billion, compared to AED 108 Billion as of December-end 2019. Basel III **Common Equity Tier 1 (CET1)** ratio, net of proposed dividends, stands at 13.3%, compared to 13.5% in the prior comparative period, comfortably above the minimum regulatory requirement of 11% and the threshold of 8% under TESS until December-end 2021. **Capital adequacy and Tier 1 capital** ratios were 16.5% and 15.4%, versus 16.9% and 15.7% respectively as of December-end 2019.

**Return on Tangible Equity (RoTE)** and **Return on Risk Weighed Assets (RoRWA)** were 13.0% and 2.13% for FY'20, compared to 16.1% and 2.56% respectively in FY'19.



## BUSINESS PERFORMANCE<sup>2</sup>

AED Mn	Q4'20	Q3'20	QoQ %	Q4'19	YoY %	FY'20	FY'19	YoY %	FY'20 Contr%
<b>Revenues</b>	<b>4,908</b>	<b>4,305</b>	14	<b>5,081</b>	(3)	<b>18,574</b>	<b>20,249</b>	(8)	
CIB	3,428	2,829	21	2,997	14	12,073	11,881	2	65%
PB	1,531	1,576	(3)	1,664	(8)	6,156	6,655	(8)	33%
HO & Subsidiaries	(51)	(101)	(50)	419	na	345	1,713	(80)	2%
<b>UAE</b>	<b>4,083</b>	<b>3,559</b>	15	<b>4,324</b>	(6)	<b>15,568</b>	<b>17,345</b>	(10)	<b>84%</b>
<b>International</b>	<b>825</b>	<b>746</b>	11	<b>758</b>	9	<b>3,006</b>	<b>2,904</b>	3	<b>16%</b>
<b>Profit after taxes</b>	<b>3,236</b>	<b>2,499</b>	29	<b>3,085</b>	5	<b>10,553</b>	<b>12,593</b>	(16)	
CIB	2,512	2,138	17	2,238	12	8,259	8,481	(3)	78%
PB	816	513	59	516	58	2,209	2,753	(20)	21%
HO & Subsidiaries	(92)	(152)	(40)	330	na	84	1,358	(94)	1%
<b>UAE</b>	<b>2,932</b>	<b>2,189</b>	34	<b>2,825</b>	4	<b>9,623</b>	<b>11,325</b>	(15)	<b>91%</b>
<b>International</b>	<b>304</b>	<b>311</b>	(2)	<b>260</b>	17	<b>930</b>	<b>1,267</b>	(27)	<b>9%</b>

### Corporate & Investment Banking (CIB) Group

CIB continued to deliver a solid performance in the fourth quarter of 2020 as investor sentiment improved following the vaccine rollout announcements and anticipation of a gradual return to economic normality. Despite significant market disruptions in 2020, operating income was up 2% year-on-year, upheld by strong business momentum, client engagement and specific initiatives including the optimisation of our real estate portfolio, offsetting headwinds from lower interest rates. Liquidity remained strong with a 65% loan-to-deposit ratio. Despite short-term outflows in the fourth quarter, customer deposits grew 13% year-on-year and loans and advances were up 3% (on an adjusted basis) reflecting our prudent lending approach, and support to our strategic clients leveraging our regional expertise and international connectivity.

- Global Transaction Banking (GTB)** strengthened underlying fundamentals in 2020 with average Corporate Trade Assets up 25% year-on-year, double-digit market share gains across Letters of Credit and Guarantees and 20% growth in average CASA balances to AED 139 Billion. While rate cuts adversely impacted revenue, this was partially offset by a solid business momentum with over 830 new cash management mandates won in 2020, despite heightened competition. GTB continued to make significant progress in its digital transformation journey, rolling out a number of new product and solutions across various areas including cash management, clearing, and trade finance. More than 90% of our clients have successfully migrated to digital channels, with increasing business volumes carried out digitally across the business. We also continued to enhance our channels with the launch of our cloud-native Corporate Mobile App in the fourth quarter, delivering the best-in-class digital experience for our CIB corporate customers. UAE Trade Connect (UTC) platform, the regions' biggest blockchain based trade finance network, was also launched and won the 'Fintech Partnership of the Year' award at the FinTech Abu Dhabi Awards 2020. FAB was also pioneer in the UAE banking market with the launch of FAB eSign and FAB ePay platform in 2020.
- Global Corporate Finance (GCF)** performed strongly spurred by a number of prominent transactions in the UAE, along with strong underlying balance sheet growth in key markets such as KSA, Egypt, UK and USA. Revenues were up 9% year-on-year underpinned by a number of large deals executed with our government and strategic client base, and higher interest in suspense reversals compared to 2019. In line with the prior quarter, the fourth quarter also saw strong fee generation across a number of transactions. Besides being the leading regional bank in ESG and green financing, FAB gained market share and improved league table

<sup>2</sup>Real estate businesses (previously structured under Subsidiaries) and SME business (previously structured under PBG) were reorganised under CIB effective 1 April 2020; prior period numbers have been restated where applicable

rankings in all business, ending 2020 as #1 in the Loan Market as both Bookrunner and Agent, #3 in Equity Capital Markets (ECM) and Liability Management and #4 in Debt Capital Market (DCM) and M&A. We continue to build-out our regional Securities Services proposition with offices established in KSA, Oman, Bahrain and Lebanon, along with Egypt and Kuwait in Q1'21, thereby creating the region's largest direct custody network.

- **Global Markets (GM)** grew revenue by 6% year-on-year, with a continued focus on navigating volatile market conditions and offering innovative solutions to our global client franchise. Proactive risk positioning and balance sheet management in anticipation of rate cuts enabled us to lock in rates on longer dated assets with liabilities repricing on shorter tenors. Trading portfolios benefitted from heightened market volatility and increased demand for de-risking, while positioning in high yielding emerging markets helped support higher returns. There was also great franchise support from eFX, which saw volumes double year-on-year, outperforming regional and international competition. As credit spreads widened in the first half of the year, the Investment desk had deployed capital, producing a strong increase in net interest income. Global Market sales ended 2020 with a moderate growth year-on-year due to a slowdown in activity in the fourth quarter despite an increase in demand for hedging solutions.

## Personal Banking Group (PBG)

FAB's Personal Banking Group (PBG) delivered a resilient performance generating revenues of AED 6.2 Billion in 2020, down 8% year-on-year reflecting the slowdown in activity due to the COVID-19 pandemic, partly mitigated by improving business conditions in the second half of the year. Operating costs improved 7% year-on-year highlighting cost savings and efficiencies from process enhancements and digital enablement, whilst continuing to invest in our digital and technology capabilities.

Despite a challenging year, our balanced business model, ongoing proposition enhancements and focused marketing efforts helped us to grow and deepen our relationships with customers, and to exceed 2019 acquisition volumes in key products, such as mortgages and personal loans, while also continuing to grow our employee-banking proposition. Loans and advances were AED 89 Billion as of end-December 2020, stable year-on-year, while customer deposits grew 2% to AED 82 Billion, with account openings and increased deposits with existing customers helping us grow CASA deposits by 5%. The launch of new card variants, contactless cards and Apple Pay, also contributed to increased card and eWallet spends during the second half of the year.

Mobile engagement and customer self-service increased during the year. Customers can now apply for and receive a range of current accounts and credit cards, and existing loan customers can top up their personal loans, all instantly via FAB Mobile. We launched FAB Rewards, a loyalty programme, which allows customers to instantly redeem rewards via FAB's digital channels. New functionalities were introduced in our contact centre including the launch of an interactive voice response system and virtual agent. These efforts resulted in a marked reduction in migratable teller-transactions in the branches by 57% year-to-date, and allowed 12 digital branches to go completely teller-less. Our digital wallet Payit won "Best NEO Bank" and "Best User Experience" at the MEA Finance Awards 2020. We continued to simplify and automate processes to improve efficiency and customer experience. We used Robotics (RPA) to automate 27 additional services in 2020 like KYC, liability letter issuance and account closure processes, and introduced a new queuing system in branches to reduce waiting times. Initiatives like these, combined with our focus on placing our customers first, resulted in FAB retaining the fastest improving bank in the UAE for customer satisfaction according to RFI.

Our partnership with the Government further deepened during the year with the launch of Abu Dhabi Pay, and a partnership with the Ministry of Human Resources and Emiratisation (MOHRE) to launch a unified payment solution for domestic workers, as we continue to act as a key enabler to the government's ambitions towards a cashless economy. FAB was also the first bank to provide acquiring services and complete the on-boarding of our nine partner entities as part of the new eDirham project, leading to partnership with two additional ministries in 2021.

We also continued to focus on expanding our footprint in targeted geographies. Our recently signed agreement to acquire Bank Audi-Egypt will help accelerate our expansion in a high potential growth market and position FAB among the largest foreign banks in the country by total assets.

## INTERNATIONAL OPERATIONS

Revenues from international operations grew 3% year-on-year in 2020, contributing 16% to Group Revenue, with higher contributions from KSA and Egypt as a result of FAB's continuing growing footprint with energy, sovereign wealth funds, and GRE client segments. We also saw strong year-on-year growth from GTB and GM income from these markets, demonstrating the progress made with regard to generating ancillary revenue.

Net loans and advances were flat year-on-year, while customer deposits grew 20% led by our presence in the US and the UK, with an increase in weighted average tenors, as customers have sought to manage uncertainty by retaining high levels of liquidity and deploying funds with highly rated financial institutions like FAB.

## ECONOMIC OVERVIEW AND OUTLOOK

As global macro optimism gained momentum during the last quarter of 2020, GCC economies are expected to witness a gradual recovery in 2021, from the recessionary conditions in 2020. Real GDP growth for the region is estimated to be above 2% on average, with low interest rates, a weaker USD and oil prices recovering above USD 50 per barrel (average), expected to support demand.

In the UAE, real GDP growth is seen at around 2.5% in 2021, representing a strong rebound from 2020, driven by the resumption of key economic sectors, and continued fiscal and monetary stimulus measures, including the Central Bank Targeted Economic Support Scheme, which saw the extension of the zero-cost facility available to banks, until June-end 2021. From deflationary conditions in 2020, we also see modest return of inflation, with 2021 CPI (consumer price index) seen around +0.5%, and +2.0% in 2022. Despite a more positive outlook in 2021, uncertainties remain and the shape of the recovery will be determined by the evolving dynamics of COVID-19, the vaccine rollout programmes, and governments' response to the pandemic.

**James Burdett,**  
 Group Chief Financial Officer

## 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 vision is to create value for its employees, customers, shareholders and communities to grow stronger 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.

FAB continuously anticipates evolving requirements, develops innovative solutions and moves in tandem with customers to offer an extensive range of tailor-made products via its market-leading Corporate and Investment Banking (CIB) and Personal Banking Group (PBG) franchises.

Aligned to the Abu Dhabi Economic Vision, inspired by global standards and guided by the expectations of stakeholders, FAB takes a leading role in fostering development and driving change towards a more sustainable future. FAB sees beyond traditional banking and embraces a challenger mindset. Its ambition is to contribute to social and human development, which creates a dynamic, inclusive and tolerant society.

With total assets of AED 919 Billion (USD 250 Billion) as of December-end 2020, 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, and the 32nd Safest Bank globally. The Banker's Top 1000 World Banks 2020 list, measured by Tier 1 capital, ranked FAB as number one in the UAE, second in the Middle East and #85 across the globe - in addition to ranking the bank #109 by assets in the same list. FAB is also a regional sustainability leader, and a constituent of MSCI ESG Leaders and FTSE4Good EM indices.

For further information, visit: [www.bankfab.com](http://www.bankfab.com), or <https://www.growstronger.com/> Grow Stronger or <https://www.bankfab.com/en-ae/updates> for COVID-19 related updates.

**For investor-related queries, please contact FAB Investor Relations team on [ir@bankfab.com](mailto:ir@bankfab.com)**

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