

# MANAGEMENT DISCUSSION & ANALYSIS REPORT



## FAB reports a Group Net Profit of AED 8.0 Billion for the first half of 2022, up 50% year-on-year

Second quarter net profit at AED 2.9 Billion

*"FAB delivered a strong performance in the first six months of 2022 with a 50% increase in net profit compared to the same period in 2021. Despite heightened global market volatility, our core businesses maintained solid growth momentum reflecting healthy pipeline execution across our diversified franchise, and our ongoing strategic focus on deepening client relationships."*

**Hana Al Rostamani**  
Group Chief Executive Officer

### H1'22 Key Performance Indicators

Total Income	Earnings Per Share	Return on Tangible Equity	Return on RWA	CET1 ratio	Liquidity Coverage Ratio
<b>AED 12.5 Bn</b> +31% vs. H1'21	<b>AED 1.43</b> H1'21: AED 0.95	<b>19.5%</b> H1'21: 13.6%	<b>2.8%</b> H1'21: 2.0%	<b>12.6%</b> Jun'21: 13.0%	<b>135%</b> Jun'21: 119%

**Strong underlying performance supported by higher revenue and moderate cost of risk, amid ongoing investments to support growth aspirations**

#### H1'22 highlights:

- Group Net Profit at AED 8.0 Billion, up 50% yoy; annualised Earnings per Share at AED 1.43
- Total Income at AED 12.5 Billion, up 31% yoy, includes AED 3.1 Billion net gain on sale of majority stake in Magnati
- Impairment charges (net) at AED 1.0 Billion, 9% lower yoy; annualised cost of risk at 47 basis points
- Operating costs at AED 3.1 Billion, up 8% yoy excluding Bank Audi Egypt inclusion, reflects ongoing investments to drive growth and transformation

#### Q2'22 highlights:

- Group Net Profit at AED 2.9 Billion, up 13% qoq on an underlying basis when excluding gains on Magnati stake sale
- Operating income at AED 5.0 Billion, 4% lower yoy, up 12% qoq driven by higher interest and non-interest income
- Impairment charges (net) at AED 582 Million, 14% lower yoy, up 27% qoq
- Operating costs at AED 1.6 Billion

**Double-digit loan growth reflects sustained business momentum, while liquidity, asset quality and capital position remain strong**

- Loans, advances and Islamic financing at AED 459 Billion, up 6% sequentially and 12% ytd
- Customer deposits at AED 648 Billion, up 8% sequentially and 5% ytd; CASA balances at AED 291 Billion, are up 15% yoy
- Liquidity Coverage Ratio (LCR) at 135% underlines strong liquidity position
- Healthy asset quality metrics with NPL ratio and provision coverage at 3.6% and 100%, respectively
- Common Equity Tier 1 (CET1) at 12.6%, comfortably above regulatory requirements

## We continued to deliver on our growth objectives and create value for all stakeholders while navigating a rapidly evolving environment

<p><b>Delivered core business growth, while affirming regional leadership in key areas</b></p>	<ul style="list-style-type: none"> <li>Delivered double-digit loan growth, with all core businesses showing improvements in underlying operating performance sequentially</li> <li>Top ranked regional bank across all MENA IB league tables: #1 MENA Agent Bank, #2 MENA Syndications, #5 MENA Bonds</li> <li>#1 UAE bank in MENA ECM league table, helping clients raise over USD 8 Billion from investors worldwide</li> <li>Significant growth in cash management mandates underline franchise strength</li> </ul> <p>  - <i>Regional Investment Bank of the Year 2022</i> at the Bonds, Loans and Sukuk Awards   - <i>Best Bank for Financing in the Middle East 2022</i> by Euromoney         </p>
<p><b>Strengthening footprint in key markets and deepening client relationships</b></p>	<ul style="list-style-type: none"> <li>Completed legal merger of Bank Audi Egypt and launched new brand identity FABMisr; Integration activities underway to be completed by year-end 2022</li> <li>Opened new branch in ADGM to provide specialised offerings and deepen relationships with core institutional clients operating in and from ADGM’s financial ecosystem</li> </ul>
<p><b>Advancing customer experience, leveraging technology and strategic partnerships</b></p>	<ul style="list-style-type: none"> <li>Launched full digital journeys on FAB mobile for conventional personal loans and Islamic accounts, and enabled digital IPO subscriptions</li> <li>Enhanced functionalities to the corporate clients banking portal, and launched enhanced mobile banking app for GTB corporate and SME clients</li> <li>Improvement in Net Promoter Score (NPS) year-on-year to c.60</li> <li>Over 50% retail CASA sales onboarded digitally, with continued growth in digital acquisitions across various products</li> </ul> <p>  <i>Best AI in Transformation in Financial Services</i> at the Transformational Leadership Awards 2022   <i>Best Bank for Corporate Banking in UAE 2022</i> by Euromoney         </p>
<p><b>Delivering tangible progress on our ESG ambitions while supporting a diverse and Inclusive workplace</b></p>	<ul style="list-style-type: none"> <li>Facilitated over AED 10 Billion (USD 2.8 Billion) of sustainable projects during H1'22 in line with our USD 75 Billion commitment by 2030</li> <li>Expanded ESG product suite to meet the evolving needs of our customers</li> <li>Female Board Directors in the Group’s subsidiaries occupy 22% of board seats, up from 15% in 2021, already surpassing our 2025 target</li> </ul> <p>  - <i>Outstanding Leadership in Sustainable Project Finance in the Middle East</i> by Global Finance   - <i>Best Bank for ESG in the UAE</i> by Euromoney         </p>



**HANA AL ROSTAMANI**  
GROUP CHIEF EXECUTIVE OFFICER

“FAB delivered a strong performance in the first six months of 2022 with a 50% increase in net profit compared to the same period in 2021.

Despite heightened global market volatility, our core businesses maintained solid growth momentum reflecting healthy pipeline execution across our diversified franchise, and our ongoing strategic focus on deepening client relationships.

Almost AED 50 Billion net incremental lending was extended by FAB year-to-date, which is a record for the Group for any half-year period. This demonstrates buoyant regional activity, FAB’s leading origination capabilities, and the fundamental strength of our balance sheet as we continued to deploy our resources and expertise to support our client franchise with their local and cross-border banking needs.

During the period, we continued to focus on unlocking opportunities for our clients and communities through specialised offerings and innovative solutions, and by strengthening our footprint in target markets. We are also proud of our leading role in building a sustainable future for all, and the tangible progress we are making against our ESG ambitions.

Looking ahead, we must recognise a more challenging global economic outlook marked by turbulent market conditions and inflationary pressures. As we enter the second half of the year, we remain committed to our clients and stakeholders, and confident in our ability to deliver sustainable shareholder returns as we pursue our growth and transformation plans.”



**JAMES BURDETT**  
GROUP CHIEF FINANCIAL OFFICER

“FAB produced another solid set of results in the second quarter with a net profit of AED 2.9 Billion, up 13% sequentially on an underlying basis, bringing first half 2022 profit to AED 8.0 Billion. Annualised return on tangible equity for the first half of 2022 improved to 19.5% from 13.6% in H1’21.

In the last quarter, all our core businesses delivered top line growth sequentially, led by a double-digit growth in Investment Banking and Corporate and Commercial Banking, which is a strong result in the context of adverse global market conditions. This was helped by strong volumes, early benefits from rising interest rates, and healthy client activity in Global Markets consistent with our strategy to enhance cross-sell. Risk was prudently managed across the Group, while the year-on-year growth in operating expenses reflects continued investments in franchise growth and transformation.

We have maintained a strong liquidity position, with Group LCR at 135%, and our balance sheet is optimally positioned to continue to benefit from rising interest rates. Despite balance sheet growth and market and regulatory headwinds, capital buffers remain strong with June-end Group CET1 at 12.6%.

Although the supportive regional economic backdrop and the diligent execution of our strategy represent significant tailwinds, we remain cautious in the context of heightened market volatility, persistently elevated global inflation and rapidly evolving monetary policy.”

## ECONOMIC OVERVIEW AND OUTLOOK

Global economic conditions weakened during Q2'22 with inflationary pressures driving aggressive monetary policy tightening, and multiple headwinds fuelling stagflation concerns and market volatility.

In contrast, the UAE economy continued to demonstrate resilience buoyed by strength in oil prices, moderate inflation, a recovery across key economic sectors including real estate and tourism, and ongoing structural reforms to drive economic growth and diversification. The underlying strength of the UAE economy was also highlighted by PMI data, which remained in expansionary territory for the 19<sup>th</sup> consecutive month. Despite ongoing global uncertainty, we maintain a positive outlook for UAE economic growth this year and beyond. We now expect real Gross Domestic Product (GDP) growth to reach 5.7% in 2022 and 4.4% in 2023 (from previous forecasts of 4.8% and 4.0%, respectively) with oil price averaging USD 108 /bbl and inflation at around 5%.

## Q2/ H1'22 SUMMARY FINANCIALS

Income statement - summary (AED Mn)	Q2'22	Q1'22	QoQ %	Q2'21	YoY %	H1'22	H1'21	YoY %
Net interest income	3,390	3,135	8	2,802	21	6,525	5,482	19
Non-interest income	1,587	1,323	20	2,390	(34)	2,910	4,093	(29)
<b>Operating income</b>	<b>4,977</b>	<b>4,458</b>	<b>12</b>	<b>5,193</b>	<b>(4)</b>	<b>9,435</b>	<b>9,575</b>	<b>(1)</b>
Gain on Magnati stake sale (incl fair valuation of retained interest)	288	2,805	(90)	-	na	3,094	-	na
<b>Total Income</b>	<b>5,265</b>	<b>7,264</b>	<b>(28)</b>	<b>5,193</b>	<b>1</b>	<b>12,529</b>	<b>9,575</b>	<b>31</b>
Operating expenses	(1,603)	(1,521)	5	(1,451)	10	(3,124)	(2,770)	13
<b>Operating profit</b>	<b>3,662</b>	<b>5,742</b>	<b>(36)</b>	<b>3,742</b>	<b>(2)</b>	<b>9,405</b>	<b>6,805</b>	<b>38</b>
Impairment charges, net	(582)	(457)	27	(677)	(14)	(1,039)	(1,147)	(9)
Non-controlling interests and taxes	(175)	(165)	6	(186)	(6)	(339)	(304)	12
<b>Net Profit</b>	<b>2,906</b>	<b>5,120</b>	<b>(43)</b>	<b>2,878</b>	<b>1</b>	<b>8,026</b>	<b>5,354</b>	<b>50</b>
Basic Earnings per Share (AED)	1.03	1.84	(44)	1.01	1	1.43	0.95	52

  

Balance sheet - summary (AED Bn)	Jun'22	Mar'22	QoQ %	Jun'21	YoY%	Dec'21	Ytd%
Loans, advances & Islamic financing	459	433	6	398	15	410	12
Investments	186	191	(3)	177	5	191	(3)
Customer deposits	648	600	8	575	13	615	5
CASA (deposits)	291	310	(6)	252	15	288	1
Total assets	1,042	982	6	944	10	1001	4
Equity (incl Tier 1 capital notes)	111	111	0	106	5	113	(1)
Tangible equity	80	80	1	74	8	82	(2)

  

Key Ratios (%)	Q2'22	Q1'22	QoQ (bps)	Q2'21	YoY (bps)	H1'22	H1'21	YoY (bps)
Net interest margin (NIM)	1.57	1.54	3	1.51	6	1.55	1.49	6
Cost-income ratio (ex-integration costs)	31.5	33.3	(182)	27.3	423	32.4	28.4	399
Cost of risk (bps) (loans, advances & Islamic financing)	52	42	10	63	(11)	47	56	(9)
Non-performing loans ratio	3.6	3.8	(24)	3.9	(40)	3.6	3.9	(40)
Provision coverage	100	102	(217)	101	(103)	100	101	(103)
Liquidity coverage ratio (LCR)	135	120	lge	119	lge	135	119	lge
Return on tangible equity (RoTE)	14.1	25.3	lge	15.3	(115)	19.5	13.6	589
Return on risk-weighted assets (RoRWA)	2.0	3.6	(159)	2.2	(22)	2.8	2.0	71
CET1 ratio	12.6	13.0	(35)	13.0	(39)	12.6	13.0	(39)
Capital adequacy ratio	15.6	15.9	(39)	16.1	(58)	15.6	16.1	(58)

## Notes:

- Cost-income ratio for H1'22 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
- 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 #32 in the financials for the period ended 30 June 2022.
- Rounding differences may appear in above table

## OPERATING PERFORMANCE

Operating income (AED Mn)	Q2'22	Q1'22	QoQ %	Q2'21	YoY %	H1'22	H1'21	YoY %
Net interest income	<b>3,390</b>	3,135	8	2,802	21	<b>6,525</b>	5,482	19
Non-interest income	<b>1,587</b>	1,323	20	2,390	(34)	<b>2,910</b>	4,093	(29)
Fees & commissions, net	<b>699</b>	775	(10)	769	(9)	<b>1,475</b>	1,432	3
FX and investment income, net	<b>828</b>	465	78	1,618	(49)	<b>1,293</b>	2,294	(44)
Other non-interest income	<b>60</b>	83	(28)	4	lge	<b>143</b>	367	(61)
<b>Total operating income</b>	<b>4,977</b>	<b>4,458</b>	<b>12</b>	<b>5,193</b>	<b>(4)</b>	<b>9,435</b>	<b>9,575</b>	<b>(1)</b>

Operating income for the first half of 2022 (H1'22) was AED 9.4 Billion, up 2% on an underlying basis (excluding Magnati-related and real estate gains). This was driven by a double-digit growth in net interest income and strength in fee generation, helping to offset lower investment income due to adverse market conditions in 2022. For the second quarter ended 30 June 2022 (Q2'22), operating income was AED 5.0 Billion, up 12% compared to AED 4.5 Billion in Q1'22.

Net Interest Income (including Islamic financing income) (NII) was AED 3.4 Billion in Q2'22, up 8% sequentially and 21% year-on-year, reflecting the benefits from higher interest rates, record first half volume growth and the positive impact of Bank Audi Egypt (BAE). Net Interest Margin (NIM) widened to 1.57%, up 3 basis points from 1.54% in Q1'22 and up 6 basis points from 1.51% in Q2'21. FAB's balance sheet remains well positioned to benefit from the rising interest rate environment.

Fees & Commissions grew 3% year-on-year in H1'22 on double-digit growth in Investment Banking (IB) and Corporate & Commercial Banking (CCB) fees, led by strong pipeline execution, partially offset by decline in fee income from consumer lending as well as the impact of the deconsolidation of Magnati in Q1'22. Q2'22 fees and commissions were lower by 10% sequentially primarily due to a stronger first quarter in IB & CCB, however, partially offset by higher fees in Consumer Banking.

FX and investment income jumped 78% sequentially in Q2'22, driven by strong performance in Global Markets sales as well as gains on investments and derivatives. H1'22 FX and investment income was 44% lower year-on-year from a strong prior year period.

Overall, non-interest income stood at AED 2.9 Billion in H1'22, contributing 31% to operating income.

Operating expenses excluding BAE and integration-related expenses, were up 6% year-on-year in Q2'22 and up 8% year-on-year in H1'22, reflecting ongoing investments in strategic and digital initiatives to drive growth and transformation, and to create future efficiencies. Headline operating expenses were up 10% year-on-year in Q2'22 and 13% year-on-year in H1'22, primarily reflecting the inclusion of Bank Audi Egypt (and related integration costs). Group cost-to-income ratio excluding Magnati-related gains, was 31.5% in Q2'22 (33.3% in Q1'22) and 32.4% in H1'22 (28.4% in H1'21).

## ASSET QUALITY

Non-Performing Loans stood at AED 16.8 Billion as of June-end 2022, 1% lower sequentially with NPL ratio improving to 3.6% on higher loan balances.

Net impairment charge was AED 582 Million in Q2'22, up 27% sequentially, as the Bank enhanced its total ECL/ provisions<sup>1</sup> to AED 16.7 Billion with provision coverage ratio at 100%. H1'22 net impairment charges were AED 1.0 Billion, 9% lower than the prior year period on improved macroeconomic variables. Annualised cost of risk stood at 47 basis points, improving from 56 basis points in H1'21.

## BALANCE SHEET TRENDS

Total assets grew 6% sequentially and 4% year-to-date to over AED 1 Trillion led by strong growth in loans and advances.

Loans, advances and Islamic financing (net) were AED 459 Billion, up 6% sequentially (+AED 25 Billion) and up 12% year-to-date (+AED 49 Billion). This marks record lending for the Group in a half-year period and reflects strong demand driven primarily by core corporate clients and government entities in the UAE amidst a positive economic backdrop.

Customer deposits were AED 648 Billion, up 8% sequentially and up 5% year-to-date on healthy inflows from UAE-based clients. Despite some migration towards time deposits, CASA balances are up 15% year-on-year and up 1% year-to-date to AED 291 Billion (45% of customer deposits) driven by new cash management mandates and strategic initiatives to attract CASA. The Group remains well-positioned to continue to benefit from rising interest rates.

The Group's liquidity position remained strong with June-end 2022 Liquidity Coverage Ratio (LCR) at 135%, comfortably in excess of the Basel III minimum regulatory requirement of 100%.

In the first half of 2022, FAB continued to focus on its Green and Sustainable-linked funding activity by issuing USD 789 Million equivalent in Green format across both public and private transactions. With Green Bonds outstanding of over USD 1.5 Billion equivalent across 12 issuances and 5 different currencies, FAB further cemented its position as a regional and global leader in the Green Bond market.

FAB successfully raised AED 6.6 Billion (USD 1.8 Billion) equivalent of senior wholesale funding year-to-date across multiple formats and currencies at a competitive pricing and successfully navigated through extremely volatile markets.

## EQUITY, CAPITAL AND RETURNS

Total shareholders' equity (including Tier 1 capital notes) remained flat sequentially at AED 111 Billion. Basel III Common Equity Tier 1 (CET1) ratio stood at 12.6%, compared to 13.0% at March-end 2022, as profit accretion and risk optimisation were offset by market and regulatory headwinds. Group CET1 stands comfortably above the minimum regulatory requirement of 11%. Capital adequacy and Tier 1 capital ratios were 15.6% and 14.5% as of June-end 2022, versus 15.9% and 14.8% respectively, as of March-end 2022 and 15.4% and 14.3% respectively, as of December-end 2021.

Annualised Return on Tangible Equity (RoTE) and Return on Risk Weighted Assets (RoRWA) improved to 19.5% and 2.8% for H1'22, compared to 13.6% and 2.0% respectively for H1'21.

<sup>1</sup> ECL/Provisions is defined as ECL on loans, advances and Islamic financing + ECL on unfunded exposures + IFRS9 impairment reserves

## BUSINESS PERFORMANCE<sup>1</sup>

AED Mn	Q2'22	Q1'22	QoQ %	Q2'21	YoY %	H1'22	H1'21	YoY %	H1'22 Contr%
<b>Operating income</b>	<b>4,977</b>	4,458	12	5,193	(4)	<b>9,435</b>	9,575	(1)	<b>100%</b>
<i>Operating income by business segment</i>									
Investment Banking (IB)	2,126	1,870	14	2,858	(26)	3,996	4,809	(17)	42%
Corporate & Commercial Banking (CCB)	1,211	1,040	16	817	48	2,251	1,622	39	24%
Consumer Banking (CB) *	1,110	1,056	5	1,195	(7)	2,166	2,386	(9)	23%
Global Private Banking (GPB)	249	238	4	242	3	487	483	1	5%
Head Office (HO)	281	253	11	82	244	534	275	94	6%
<i>Operating income by geography</i>									
UAE	3,919	3,393	15	4,213	(7)	7,312	7,775	(6)	77%
International	1,058	1,065	(1)	980	8	2,124	1,800	18	23%

\* excludes gain on Magnati stake sale

## INVESTMENT BANKING (IB)

- Markets in Q2 were driven by volatility on Fixed Income Markets as a response to the central banks' reaction to raising inflations concern and fears of recessions in G10 Economies. In this context, operating income grew 14% sequentially to AED 2.1 Billion driven by higher non-interest income underpinned primarily by strong Global Markets sales momentum with healthy client activity in FX and Rates. H1'22 operating income was lower by 17% year-on-year primarily due to adverse market conditions in 2022, offsetting double-digit increases in net interest income and fee income.
- Loans grew 2% sequentially and 7% year-to-date to AED 214 Billion driven by Government and GREs. Customer deposits added 15% sequentially to AED 409 Billion reflecting FAB's franchise strength and continued growth in new cash management mandates.
- FAB reaffirmed its regional leadership and maintained top rankings across MENA IB league tables in H1'22 as #1 Agent Bank, #1 Loan Bookrunner, #3 DCM and #3 ECM Bookrunner.
- The business continued to benefit from buoyant regional activity, leading a number of landmark transactions in the Loan, Debt and Equity Capital Markets. In a record year for regional listings, FAB acted as joint global coordinator on Borouge's IPO – the largest listing to-date on ADX. The capital markets pipeline in the second half and beyond remains strong with a number of equity offerings planned over the forthcoming periods.
- FAB was one of the primary dealers on the UAE's first AED denominated federal bond issuance.
- During the first half, FAB facilitated over AED 10 Billion of sustainable financing across Green Loans, Sustainability-linked Loans and Green Bonds.
- In Securities Services, assets under custody grew 24% year-on-year in H1'22 and reinforced the business's depth of experience by adding key strategic hires.
- During the period, we continued to support our core clients on a number of landmark transactions including large acquisition financing deals of strategic UAE assets, leveraging our expertise, market-leading execution capabilities and multi-product platform.

<sup>1</sup> In the second quarter of 2021, the Group had reorganised its business model. Corporate & Investment Banking and Personal Banking Groups have been re-segmented into four distinct business lines: Investment Banking (IB), Corporate & Commercial Banking (CCB), Consumer Banking (CB) and Global Private Banking (PB). Figures for prior periods have been re-based on the current business segments for comparison purposes. Please refer to [IR Quarterly Series](#) for segmental information on a quarterly basis since beginning of 2021.

## CORPORATE AND COMMERCIAL BANKING (CCB)

- Q2'22 operating income grew 16% sequentially to AED 1.2 Billion with a 34% growth in net interest income driven by strong volumes and the benefits of rising interest rates. H1'22 operating income grew 39% year-on-year to a record AED 2.3 Billion reflecting the economic rebound, and improvements in underlying fee and net interest income.
- Balance sheet growth was strong with 20% growth in loans and advances in Q2'22, driven by demand from large corporates, and new client onboarding.
- Customer deposits were down 5% sequentially mainly due to migration towards time deposits at the end of the quarter, even as average deposit balances remained higher on a sequential basis. Cash Management continues to witness strong growth with over 100 new mandates won in Q2'22 (+180 in H1'22).
- FAB continued to play a crucial role in supporting the needs of Corporate & Commercial clients amid the positive regional economic backdrop by providing best-in-class product offerings, digital-first solutions and enhancing customer experience. Recent highlights include:
  - Economically empowering local women entrepreneurs and SME owners through She's Next initiative in collaboration with VISA.
  - Global Transaction Banking (GTB) closed Sustainable trade finance solutions deals worth over AED 1.5 Billion.
  - Launched an enhanced mobile banking app for CCB corporate and SME clients.
  - Launched the first phase of Banking-as-a-Service with the intent to become the market leader for digital banking services.
  - Launched new Virtual Corporate Debit Card in partnership with Mastercard, offering unrivalled flexibility and control over commercial payments.
  - Implemented an innovative Virtual Account Management solution to a leading contactless and cashless payment provider & joined BUNA Platform to enhance cross-border payments in collaboration with Magnati.

## CONSUMER BANKING (CB)

- Q2'22 operating income of AED 1.1 Billion, up 5% sequentially, on the back of higher fees and commissions on credit cards and other consumer lending. H1'22 operating income was 9% lower year-on-year (to AED 2.2 Billion), primarily due to the impact of the deconsolidation of Magnati in Q1'22.
- Cost savings from digital acquisitions kept overall cost growth well contained, while impairment charges declined on lower delinquencies and an improved macro environment.
- Consumer lending grew 1% sequentially (4% year-to-date) to AED 65 Billion, while customer deposits expanded 6% sequentially in Q2'22 and 9% year-to-date to AED 64 Billion. This was primarily driven by growth in CASA balances, which were up 7% year-to-date (15% year-on-year), in line with our strategy to deepen customer relationships. Over 50% of CASA sales in H1'22 were digitally onboarded enabled by a seamless experience through our various digital channels.
- Business acquisition remained strong reflecting favourable economic prospects led by a recovery in the tourism and real estate sectors, and growing consumer sentiment and spending:
  - CASA sales grew 48% year-on-year driven by strengthened payroll propositions marketed to top employers in the country
  - Asset Under Management (AUMs) also increased by 31% year-on-year driven by successful IPOs and related leveraged investments.
  - Personal loan sales up 15% year-on-year led by higher productivity and good contribution from Islamic products.
  - New-to-bank credit cards acquisition grew 43% year-on-year driven by sales process changes while campaigns with co-brands and e-commerce partners helped increase credit card spends by 25% compared to H1'21.
- Enhanced customer experience and digital sales through the additional launch of full digital journeys on conventional personal loans and Islamic accounts on FAB mobile. New features were added to FAB Mobile to help increase customer usage and adoption – these include IPO subscription, Consumer Protection Rights related regulatory enhancements and additional security features for transfers. These enhancements helped maintain overall Consumer Bank NPS (net promoter score) at 60.

## GLOBAL PRIVATE BANKING (GPB)

- Operating income in Q2'22 improved 4% sequentially to AED 249 Million and 1% year-on-year to AED 487 Million in H1'22 as the business benefitted from higher fees and commissions from growth in AUMs as well as higher interest rates led by business acquisition, increased capital markets activity and active participation in the vibrant UAE IPO market.
- Q2'22 loans and deposits declined sequentially 11% and 5% respectively, as Q1'22 balances included short-term leverage loans and collateral deposits related to IPO trades.
- FAB was a leader among UAE private bankers in facilitating participation for our customers in the IPOs of DEWA, Borouge, Tecom as well as UAE's first SPAC (special purpose acquisition company) listed on ADX.
- Launch of new investment products: a private debt fund in UAE and Switzerland, and a thematic fund in Switzerland.
- Singapore proposition expansion in Asia providing our clients with Investment Advisory Services supporting their portfolio diversification.
- Saudi Arabia private banking coverage continues to grow as we expand FAB GPB footprint, global collaboration and value proposition.

## INTERNATIONAL OPERATIONS

- Operating income grew 18% year-on-year to AED 2.1 Billion in H1'22 driven by the inclusion of Bank Audi Egypt. Revenue from international operations represents 23% of H1'22 Group operating income (compared to 19% in H1'21). Revenue contribution from MENA (ex-UAE) increased to 56% from 46% in H1'21.
- Loans, advances and Islamic financing were marginally lower year-to-date as growth in Saudi Arabia and Egypt was offset by deliberate reductions in non-strategic assets, while customer deposits remained stable sequentially.
- International loans and deposits represent 23% and 26% of Group loans and deposits, respectively.
- The legal merger between FAB Egypt and Bank Audi Egypt was completed during the second quarter, while integration activities are underway to be completed by year-end. Our new brand "FABMisr" reflects FAB's strong commitment to the Egyptian market leveraging greater scale and market-leading capabilities to create considerable opportunities for customers.
- FAB's strategic partnership with the Abu Dhabi Stock Exchange (ADX) and Bahrain Bourse (BHB) to deliver the region's first digital exchange hub, Tabadul Project. Tabadul will allow investments across BHB and ADX and enable investors to trade directly on both exchanges through licensed brokers in both markets. FAB is the sole settlement bank for Tabadul.
- New product propositions were launched in Kuwait (security services, receivable financing) and in Singapore (leveraged FCNR, Lombard lending, advisory services).

**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 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 Trillion (USD 284 Billion) as of June-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, and the 32nd Safest Bank globally. 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 AA, 'Leader' category), and a constituent of MSCI ESG Leaders and FTSE4Good EM indices.

For further information, visit: [www.bankfab.com](http://www.bankfab.com).

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