

INVESTMENT BANKING

FAB's Investment Banking division delivered an exceptional performance in 2021, capitalising on improving market sentiment and buoyant capital market activity in the UAE and the wider region, and successfully navigating market challenges.

The Investment Banking (IB) division provides a full range of banking products and services for institutional clients spanning various industries including government and public sector entities, Sovereign Wealth Funds, natural resources, global diversified industrials, financial institutions, and large conglomerates.

Leveraging its financial strength, sector specialisation, and extensive international network, FAB's IB franchise is uniquely positioned to act as a core enabler for cross-border liquidity, trade and investment flows between the UAE, the MENA region and the rest of the globe.

IB's offering includes corporate and Islamic finance, capital markets and advisory, transaction banking, trade, liquidity and cash management services along with a broad range of risk management solutions across credit, rates, FX and money market products. Using a client-centric approach, our team of experts and sector specialists help to enhance strategic dialogue to ensure greater value-add for clients, support their growth ambitions, and help them navigate an ever-changing and complex operating environment.

As we continue to build trusted relationships with our clients across our international franchise and to leverage our differentiated strengths, our ambition is to become the region's reference institution for investment banking.

Throughout 2021, IB continued to help clients accomplish their goals by serving them through a comprehensive range of sophisticated products and solutions, leveraging specialised teams, market-leading capabilities, and an extensive international network.

A record year for Investment Banking

IB delivered a record performance in 2021 led by 69% growth in revenue compared to 2020, primarily driven by considerable growth in non-interest income on the back of an exceptional trading performance and solid fee-generation. Profit after taxes doubled year-on-year, crossing the AED 10 billion mark.

Loans, advances, and Islamic financing increased 3%, underlining sustained momentum from our client franchise across MENA, led by Government-related entities (GREs), and an increase in cross-border activity, partly offset by the run-down of non-strategic assets. Deposits increased 13% year-on-year on the back of a robust 46% growth in CASA balances. The liquidity position remains very strong, with a loans-to-deposit ratio at 55%.

IB Financial Highlights 2021



AED
12.4 bn
(+69% YoY)
Revenue



AED
10.3 bn
(+99%)
Profit after taxes



57%
Contribution to FAB Group Revenue



AED
200.9 bn
(+3% YoY)
Loans, advances and Islamic financing



AED
368.6 bn
(+13% YoY)
Customer deposits

Global Banking Coverage (GBC) continued to support our clients across all FAB locations during 2021, including landmark transactions in the key markets of the UAE, Saudi Arabia, and Egypt. During 2021 the team was reorganised to enhance sector specialisation and increase value-add delivery to IB clients, enhancing our strategic relevance to core clients across key FAB locations. Leveraging the FAB network and connectivity between teams across FAB's locations the team also closed a number of cross-border transactions supporting investment into and from the Middle East.

Global Corporate Finance (GCF) delivered a robust performance in the LCM and DCM space, driven by strong pipeline execution and a number of landmark transactions from the UAE and MENA region. As a result, revenue grew 8% year-on-year, driven by substantial fee revenue, helping to offset lower interest income. With equity markets witnessing a record year in 2021, particularly in the UAE, the ECM business led a number of equity offerings and new company listings on the Abu Dhabi Securities Exchange.

Global Markets (GM) revenue more than doubled year-on-year, with Sales, Trading, Investments and Asset Liability Management units all contributing to this performance. Capitalising on improving sentiment, selective risk taking helped drive substantial returns across trading and investment portfolios, while a focus on our client facing activities helped to grow the flow business.

Global Transaction Banking (GTB) added over 200 cash management mandates during 2021, resulting in 46% increase year-on-year in CASA deposits. Fees and commissions increased by 11% year-on-year, led by double-digit revenue and volume growth in Supply Chain and Receivable Financing and largely offset the decline in net interest income from Cash Management business due to lower interest rates.



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Top ranked regional bank across MENA Investment Banking League tables

#1

Loan Agent
in the UAE, GCC
and MENA

#1

**Syndication
Loans**
in the MENA

#5

Debt Capital
in the UAE, GCC
and MENA

#5

**Equity Capital
Markets (ECM)** in
the MENA

#1

Custodian by
Assets Under
Custody
in the UAE

Leading landmark transactions for our clients across our global network

In 2021, FAB continued to lead the market regionally and globally, advising on a number of landmark transactions, further building on our reputation as a leading adviser for institutional clients and reaffirming its position as the top-ranked regional bank across major MENA Investment Banking league tables.

**AED
5 BN**

SCF with Abu Dhabi
Department of
Finance and Daman

Lead role in
**USD
3.75 BN**
bond for Arab
Republic
of Egypt

Lead role in
**USD
6 BN**
Sukuk for Saudi
Aramco

**AED
1.2 BN**

facility for Fertiglobe
Holding

Joint **GLOBAL
COORDINATOR**
and Joint
BOOKRUNNER
for ADNOC
Distribution stake sale

Joint **GLOBAL
COORDINATOR**
and **LEAD
RECEIVING**
Bank on IPO of ADNOC
Drilling

Lead role in
**USD
1 BN**
debut bond for
Abu Dhabi Ports

Joint **GLOBAL
COORDINATOR**
and **JOINT
BOOKRUNNER**
for Yahsat IPO

Joint
BOOKRUNNER
on IPO of ACWA Power

**USD
300 MN**
acquisition
financing for ADQ
purchase of Amoun
Pharmaceuticals

**USD
1.2 BN**
sustainable linked
financing for Etihad
Airways

**FIRST
GREEN REPO
FINANCING**
by a UAE-based bank
with Deutsche Bank

Enhanced proposition in Securities Services

In mid-2021, First Abu Dhabi Bank PJSC (FAB) Securities Services business announced a new strategic engagement with State Street Bank. The agreement combines FAB's regional securities services expertise with State Street's global strength and capabilities in a new service model specifically designed for institutional investors in the region. With these combined capabilities, FAB can provide MENA investors with extensive reach into more than 100 markets around the world, an unrivalled product range servicing all major listed and unlisted asset classes, and access to a network of local experts and infrastructure across all major markets in the region. The unique partnership between FAB and State Street creates a true regional first.

Enabling the regional Sustainable Finance Agenda

FAB has continued to lead the Sustainable Finance Agenda in the MENA region by structuring and leading a number of Sustainable Financing transactions for our clients, including the USD 3 billion dual tranche Green Loan / Murabaha facility for The Ministry of Finance, Egypt; and a USD 1.2 billion Sustainability Linked Loan for Etihad Airways. FAB was also proud to be recognised for "Outstanding Leadership in Sustainable Finance in the Middle East" and "Outstanding Leadership in Green Loans in the Middle East" in Global Finance's inaugural Sustainable Finance awards. Investment Banking has demonstrated its expertise in ESG financing, having led many of the region's ground-breaking deals: first Green Loan, first Green Bond, first Green Sukuk, first SDG Loan, first Transition Sukuk and first Vaccine Sukuk.

Target to finance or facilitate USD 75 billion sustainable projects by 2030

FAB has financed or facilitated over USD 30 billion in sustainable projects to-date. As part of the Group's commitment to act as a key enabler to the regional sustainable finance agenda and to help our clients navigate the global energy transition, FAB aims to finance or facilitate over USD 75 billion sustainable projects by 2030. FAB is currently the only bank in the region to commit to net-zero by 2050 as a signatory to the global Net-Zero Banking Alliance (NZBA).

Growing FAB's Global Markets proposition

Global Markets (GM) continued to reinforce its position as a regional champion and achieved a strong performance in 2021, delivering substantially increased revenues and profits, largely as a result of its ongoing focus on key geographies, in particular the UAE, Egypt and Saudi Arabia, as well as its core value proposition product suite.

Key points worth highlighting include:

- The Foreign Exchange, Interest Rates and Credit Trading units continue to grow and solidify their market positions, competing directly with international banks.
- The Global Securities Financing unit executed the first ESG/Green repo transaction by a UAE-based bank in the region, leading to an influx of client enquiries about the structure and possibility for future transactions linked to ESG.
- The Asset and Liability Management unit continued its proactive approach to managing liquidity for the FAB Group and diversifying the liquidity mix through wholesale cash and global product programmes
- A record year in terms of sales revenues through the team's client-centric approach and by providing bespoke solutions tailored to our clients' requirements, across all client segments and geographies.

Various new products were launched by GM to meet clients' needs and diversify the Bank's revenue streams—Securities Borrowing and Lending to help the Trading and Repo desks to borrow for hedging and funding as well as enhance the Bank's collateral optimisation efforts; Gold Loan and Deposit scheme to support Central Banks globally in their reserves diversification strategy; and Metals Leasing to meet clients' need for metals in their operations and other activities.

In addition to the above, a robust foundation and a culture of continuous improvement in risk management, governance, and compliance, as well as adherence to global regulations, continue to remain a priority.

Enriching FAB's transaction banking offering

GTB focused on bolstering its range of products for corporate clients in 2021, including in the cash product and network management segment, to enhance FAB's capabilities, broaden its offering and deepen client relationships.

The business rolled out **Treasury Advisory Services**, leveraging state-of-the-art virtual accounts and liquidity management propositions.

As clients continue to look for ways to optimise their working capital, given the ongoing supply chain issues in the global economy, FAB launched several **Supply Chain Finance (SCF) programmes with government entities** during 2021, allowing liquidity to be extended to their suppliers and thereby stabilising supply chains.

UAE Trade Connect (UTC), a brainchild of FAB and the regions' biggest blockchain based Trade Finance network in partnership with Etisalat and Avanza Innovations went live in Q1'21 with the aim of digitising trade in the UAE by enabling banks, enterprises, and governments to collectively benefit from innovations such as blockchain, artificial intelligence, machine learning and robotics.

FAB partnered with Exchanges to enable investors and brokers to invest in IPOs or clear Derivative Trades. It also activated new payments and receivables management products for the Abu Dhabi Securities Exchange (ADX) and began tailoring a digitised cash deposit solution through FAB ePAY for its partners.

GTB also participated in the prestigious mBridge Trial Platform project. The mBridge project is a cooperation between the BIS Innovation Hub Hong Kong Centre, the Hong Kong Monetary Authority, the Bank of Thailand, the Digital Currency Institute of the People's Bank of China and the Central Bank of the United Arab Emirates in building a Multi Central Bank Digital Currency (CBDC) platform to settle international payments.

Enhancing client experience

IB continued to focus on delivering innovative and strategic solutions in various areas including asset monetisation, bond financing, IPO, ESG-linked financing, supply chain financing, cash management, liquidity management, derivatives, and trading in line with our commitment to ensure greater value-add for our clients across our product suite.

Digitisation and automation programmes were also enhanced to improve customer online and mobile touchpoints and backroom processes, while simplifying documentation, reducing human intervention, and improving turnaround times to enable greater efficiency.

Customer experience is a key metric by which IB measures its performance and success, and is a central element in our client value proposition.

Looking ahead

In 2022, IB will build on the positive momentum established during its first year as a standalone business unit, capitalising on a favourable outlook and market dynamics across the region. With a **significant pipeline of opportunities**, IB will maintain its strategic focus and aim to deliver more value to its clients.

The business will **focus on deepening its strategic dialogue with clients**, particularly across key markets of the UAE, Egypt and Saudi Arabia, in order to maintain growth and market share as well as to **enhance product capabilities**. This includes expanding FAB's transaction banking offering across the region, while strengthening the Securities Services business by leveraging strategic partnerships.

FAB remains dedicated to **maintaining its leading position in ESG**, with a robust pipeline of initiatives and programmes due for implementation throughout the coming year that will support the region's sustainability goals for the next 50 years and its net-zero ambition.

The Bank aims to be the **partner of choice** in developing sector-specific and originate-to-distribute (OTD) capabilities. And to support this, FAB will accelerate the rollout of its OTD lending model, while targeting further sustainable growth in the Global Markets business.

Overall, IB enters 2022 with confidence that its unique client proposition, strong operating model, strategy, commitment to innovation and digitisation, and ambitious growth targets will reinforce its market leadership and reward the trust of its clients and stakeholders.



IB awards and recognitions in 2021

FAB IB reaffirmed its leadership in the market both regionally and internationally during 2021, winning several acclaimed and prestigious industry awards, including:

