

First Abu Dhabi Bank PJSC
Resolution Plan for U.S. Operations
Public Filing

Introduction:

This Public section of the resolution plan is being filed by First Abu Dhabi Bank PJSC (“FAB PJSC”), previously known as National Bank of Abu Dhabi (“NBAD”) pursuant to a requirement of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”).

Legal Status and Principal Activities

FAB PJSC is one of the primary bankers to the Government of Abu Dhabi and public sector companies in the Emirate of Abu Dhabi. It is the leading bank in the UAE and has retail banking, wholesale banking and wealth management operations. FAB PJSC is listed on the Abu Dhabi Securities Exchange (Ticker: FAB). The consolidated financial statements of FAB are at <http://www.bankfab.com>.

1) Names of Material Entities:

FAB maintains a presence in the U.S. through First Abu Dhabi Bank USA N.V. (“FAB”), a wholly owned subsidiary of First Abu Dhabi Bank PJSC - UAE.

Legal Status and Principal Activities

FAB was incorporated in 1979 under the laws of the Netherlands Antilles (currently Curacao). The Bank has maintained a United States federal branch in Washington, D.C. since 1981 under a license granted by the Office of the Comptroller of the Currency (OCC). The branch is the only FAB banking operation conducted in whole or in part in the United States. The Bank has no U.S. nonbank material entities, does not conduct any U.S. nonbanking critical operations, and has no U.S. nonbanking core business lines.

2) Description of Core Business Lines:

FAB’s primary business is developing and managing the FAB PJSC’s global account relationships with companies based in the U.S., and providing financial services to UAE institutions which invest in the U.S. The branch provides credit facilities to clients, including short- and medium-term loans, standby letters of credit and commercial paper backup facilities; trade finance services, including import/export letters of credit and discounting of receivables and drafts/acceptances; and treasury services to corporate and individual clients.

The banking business of FAB includes the following core business lines

A) Corporate -Finance

The branch targets institutional corporate and commercial real estate facilities through bilateral and syndicated loans. The majority of FAB's loan portfolio is booked in the Curacao branch.

Personnel at the U.S. branch also manage the credit portfolio of the Curacao entity. The Curacao loan portfolio is comprised of commercial real estate loans, corporate revolving credits, and term loans. This portfolio also includes contingent commitments in the form of commercial paper back up facilities.

B) Trade Finance

The branch's primary activity in trade finance is the issuance of standby letters of credit on behalf of Fortune 500 U.S. companies to support their contractual obligations under projects and sales to customers in the UAE and other countries where FAB has a presence. In addition, the branch issues standby letters of credit on behalf of the Government of Abu Dhabi to support termination liabilities under agreements with the U.S. Government. The standby letters of credit are primarily based on performance related transactions and involve no movement of funds. These facilities are booked in the Curacao branch and managed by personnel at the U.S. branch.

The U.S. branch also provides services for advising and negotiation of documents for export letters of credit issued by other banks (primarily FAB). A large portion of these letters of credit is issued on behalf of the Government of Abu Dhabi.

The branch accepts and discounts drafts issued under export letters of credit issued by other banks, primarily FAB. The branch also discounts receivables where the obligor is either a U.S. company or a foreign company approved by the branch. These facilities are booked in the Curacao branch and managed by personnel at the U.S. branch.

C) Depository Services

The U.S. branch is not a full-service retail bank. It does not have FDIC insurance or solicit deposits from the general-public. Depository services include check clearing, check deposits, wire transfer and ACH payments. Transaction accounts are opened only for customers who have a direct connection with the United Arab Emirates (UAE) or to service a loan that the branch holds. The U.S. branch issues certificates of deposit purchased by corporate customers of the Bank via an arrangement with Citibank N.A. which allows the branch to issue CDs through the Depository Trust Company account of Citibank.

3) Summary of Financial Information on 31 December 2021 and Funding Sources:

Following is a summary of financial statements of the U.S. federal branch of FAB (US\$ 000's):

ASSETS:	
Due From Banks:	
Federal Reserve Bank	\$ 31,932,965
Nonaffiliated banks	165
Parent and affiliates	361
Investments	1,416,887
Loans, net	507
Accrued Income Receivable	2,307
Premises and Equipment	715
Other Assets	<u>6,952</u>
TOTAL ASSETS	<u>\$ 33,360,859</u>
LIABILITIES:	
Deposits:	
Demand	\$ 192,807
Parent and affiliates	32,347,389
Certificate of deposits	<u>314,700</u>
Total deposits	32,854,896
Accrued Interest Payable	1,704
Other liabilities	<u>103,996</u>
TOTAL LIABILITIES	32,960,596
SHAREHOLDERS FUNDS:	
Capital Stock	20,000
Capital Surplus	213,000
Other Comprehensive Income	(5,690)
Retained Earnings	<u>172,953</u>
TOTAL SHAREHOLDERS FUNDS	400,263
TOTAL LIABILITIES & SHAREHOLDERS FUNDS	<u>\$ 33,360,859</u>

The branch obtains its funding from customer deposits and deposits from its parent, FAB PJSC and affiliates. The US branch has a very liquid balance sheet, deposits with the Federal Reserve represented 96% of the branch's assets as of 31 December 2021. FAB maintains a non-trading investments portfolio of \$1.4 billion, of which \$139 million is held in a collateral account to support the Bank's OCC Capital Equivalency Deposit and \$1.3 billion is held in the branch's Federal Reserve Bank collateral account to support contingency access to the discount window. Deposits from the parent and affiliates amounted to 98% of total liabilities as of 31 December 2021. The Bank consistently maintains a net due position to parent and affiliates, including the Curacao parent, in excess of deposits due from parent and affiliates.

The Bank is well capitalized with capital of US\$ 400 million and risk assets of US\$ 3.1 billion as of 31 December 2021. FAB PJSC has issued a guarantee covering all the liabilities of the Bank and has made available to FAB a committed deposit line of up to US\$ 1.25 billion.

4) Description of Derivative and Hedging Activities

The branch uses derivative financial instruments for hedging purposes as part of its asset and liability management strategy by taking offsetting positions to reduce its own exposure to fluctuations in interest rates. The branch's sole use of derivatives is to hedge against the changes in fair value arising from specifically identified fixed rate non-trading investments. As of December 2021, the Bank had \$435 million of interest rate swaps back-to-back with its Parent to manage its fixed rate non-trading investment portfolio.

5) Memberships in Material Payment, Clearing and Settlement Systems

The branch maintains memberships and/or participates in 3 significant financial market utilities ("FMU") to facilitate the clearing and settlement of transactions:

FedACH Services ("FedACH") is an electronic payment system providing ACH services that is owned and operated by the Federal Reserve. The ACH system exchanges batched debit and credit payments among business, consumer, and government accounts. The system processes pre-authorized recurring payments such as payroll, Social Security, mortgage and utility payments, and non-recurring payments such as telephone-initiated payments and the conversion of checks into ACH payments at lockboxes and points of sale.

Fedwire Funds Service ("Fedwire Funds") is a wire transfer services provider that is owned and operated by the Federal Reserve. Fedwire Funds is a real-time gross settlement system. Payments are continuously settled on an individual, order-by-order basis without netting. Fedwire Funds processes the purchase and sale of federal funds; the purchase, sale, and financing of securities transactions; the disbursement or repayment of loans; the settlement of cross-border US dollar commercial transactions; the settlement of real estate transactions and other high-value, time-critical payments.

The Society for Worldwide Interbank Financial Telecommunication, Société Cooperative à Responsabilité Limitée (limited co-operative society) ("SWIFT") is a member-owned co-operative. SWIFT provides a telecommunication platform for the exchange of standardized financial messages between financial institutions and corporations. SWIFT is neither a payment system nor a settlement system though the SWIFT messaging standard is used in many payment and settlement systems. SWIFT's customers include banks, market infrastructures, broker-dealers, corporates, custodians, and investment managers.

6) Description of Foreign Operations

The financial statements of FAB are on file with the Comptroller. The credit portfolio of the Curacao entity, which is involved in the same lines of business as the U.S. branch, is managed by personnel at the U.S. branch.

7) Material Supervisory Authorities

The primary supervisor of FAB is Centrale Bank van Curacao en Sint Maartin, Curacao. The U.S. federal branch is supervised by the Office of the Comptroller of the Currency. The primary supervisor of FAB, the parent of FAB, is the Central Bank of the United Arab Emirates which supervises the domestic and foreign operations of FAB PJSC. In addition, some of FAB PJSC's foreign operations are also subject to regulation by other international regulators.

8) Principal Officers

The Principal Officers of FAB:

Acting Country CEO / CFO- Pamela Sigda
Country Chief Operating Officer - Ora Helmholz
Managing Director and Head of Client Relationships - William Ghazar

9) Corporate Governance Structure and Processes Related to Resolution Planning

FAB is managed by a Board of Supervisory Directors, composed of international banking executives and directors which are resident of Curacao and the USA, and a Board of Managing Directors composed of management of the Bank and executives from Curacao.

FAB's Board of Directors has designated Pamela Sigda, Acting Country CEO with responsibility for preparing and submitting the tailored resolution plan for the U.S. operations of FAB.

10) Resolution Strategy

The Bank believes that recovery planning is an important tool to avoid failure, and that the resolution plan would effectively resolve the bank within a reasonable timeframe, without systemic disruption and without exposing U.S. taxpayers to the risk of loss.

The Washington D.C. branch of FAB is the only FAB banking operation conducted in whole or in part in the United States. FAB has no U.S. nonbank material entities, does not conduct any U.S. nonbanking critical operations, and has no U.S. nonbanking core business lines. Personnel at the U.S. branch manage operations at both the U.S. and Curacao branches.

The U.S. branch is very liquid with a strong balance sheet. It had total assets of US\$33.4 billion as of 31 December 2021, of which US\$31.9 billion were deposits with the Federal Reserve Bank. The branch

maintained non-trading investments of US\$1.4 billion, \$139 million for the Capital Equivalency Deposit, which exceeded 5% of the branch's non-related liabilities as required by U.S. regulations and \$1.3 billion in a collateral account at the Federal Reserve Bank. The Bank maintains collateral at the Federal Reserve Bank for contingency access to the discount window. Total liabilities were US\$32.8 billion, of which US\$32.3 billion were due to parent and affiliates and US\$507 million were customer deposits. The branch had capital of US\$400 million.

FAB is a small part of the parent, FAB PJSC's larger operations. FAB PJSC, as the U.S. branch's top-tier FBO, files an annual FR Y-7Q and FR Y-7 with the Federal Reserve Bank. Per the FR Y-7 filed as of 31 December 2021, FAB PJSC reported total world-wide assets of \$272 billion. US banking assets of \$33 billion, reported by FAB PJSC were primarily overnight deposits which the U.S. branch places with the Federal Reserve Bank. Excluding the U.S. branch's deposits with the Federal Reserve Bank, FAB's U.S. banking assets represented less than 1% of FAB PJSC's total world-wide assets.

The Head Office of FAB PJSC provides substantial centralized support to Group units, including First Abu Dhabi Bank USA and its U.S. branch, for Human Resources, Information Technology, Finance, Risk Management, Corporate Governance, Corporate Communications, Legal, Audit, Compliance, Operations, Strategic Planning and Economic Research. The Head Office, which is run like a separate business, also manages the Groups' free capital (via Group Treasury).

In addition to operational support, FAB PJSC has issued a guaranty covering all the liabilities of FAB. The guaranty is a condition of maintaining a license for the U.S. federal branch. FAB PJSC has also made available to FAB a committed deposit line of up to US\$1.25 billion.

FAB PJSC has the resources to provide required funding to the branch. FAB PJSC is a financially strong bank with Moody's, S&P and Fitch credit ratings of AA3/AA-/AA-.