



CORPORATE ESG REPORT 2021

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“As part of our strategy, we have committed to lend, invest, and facilitate business of USD 75 billion by 2030 to activities focused on environmental and socially responsible solutions.”

A MESSAGE FROM OUR GROUP CEO

Welcome to FAB's 2021 Environmental, Social and Governance (ESG) Report.

In this report, we detail the key transformational activities associated with continuing our sustainability journey. As the world emerges from the global pandemic, we are expanding on our commitment to drive sustainable growth. In 2021, we launched our new Group ESG Strategy along with our transformed ESG Governance structure designed to ensure that we stay ahead of the curve as stakeholder expectations evolve. As part of our strategy, we have committed to lend, invest, and facilitate business of USD 75 billion by 2030 to activities focused on environmental and socially responsible solutions. By driving innovation and identifying risks and opportunities, our aim is to be a model sustainable financial institution in the Middle East and North Africa (MENA) region.

This has been a landmark year in the policy response to climate change. We are now proud to be part of the transition to Net Zero, moving forward to unlock next-generation climate solutions in line with the UAE Net Zero by 2050 Strategic Initiative.

This transition will require a shift in the way we work with our clients, building innovative financing and advisory services to transition towards a climate resilient economy.

We continue to be recognised as a regional leader in sustainable finance, further strengthening our relationship with stakeholders and the communities we serve. This is highlighted by FAB being the leading bank for ESG in the MENA region and in the top tier of banks across all emerging markets.

As we enter 2022, we will continue to put ESG at the core of our business by building pathways to prosperity for customers, expanding access to financial services for disadvantaged groups, supporting the green transition and accelerating our region's economic growth ambitions to benefit both present and future generations.

Best regards,

Hana Al Rostamani
Group Chief Executive Officer

A MESSAGE FROM OUR CSO

I am pleased to present FAB's 2021 ESG report. This report is an integral part of our ongoing dialogue with stakeholders, and as FAB's Chief Sustainability Officer (CSO), I am delighted to share with you details of our 2021 ESG performance, including our new ESG strategy.

In 2021, we launched our new Group ESG Strategy designed to accelerate our growth in areas that are most pertinent to emerging sustainability opportunities and challenges. Although ESG has long been a key element of FAB's success, our new strategy sets a clear pathway forward aligned with current market conditions and stakeholder expectations. We have committed to sustainable financing of USD 75 billion by 2030, and we are also defining performance targets for greenhouse gas reduction. These targets are vital to the long-term economic interests of our stakeholders and the communities we operate in.

At the heart of our strategy lies FAB's commitment towards the transition to a Net Zero economy in line with the UAE 2050 Strategic Initiative for Net Zero. This year we became the first bank in the UAE and Gulf Cooperation Council (GCC) to join the United Nations Environment Programme Finance Initiative's (UNEP FI) Net Zero Banking Alliance (NZBA). As part of our commitment, we will assist our clients to transition towards a climate-neutral economy through innovative financing and advisory services. Working with our customers, we can fund sustainable growth that will accelerate the Net Zero transition and expand financial services for all while fostering diversity, accountability, and transparency within the organisation.

It is now widely recognised that ESG issues are a key driver of risk and opportunity for financial institutions. As such, we are incorporating an ESG lens into our risk management procedures to ensure that appropriate mitigation measures are in place to safeguard against FAB's emerging ESG risks. To further support this measure and aid our company's ability to adapt to the future, we have become a signatory to the Task Force on Climate-related Financial Disclosures (TCFD) and plan to issue reports consistent with TCFD requirements in the following years.

As we pursue our goals, we are committed to ensuring that all individuals – including underbanked groups and those in remote regions – can participate in the formal financial system and raise their quality of life. To this end, we will continue to develop on our ambitions that match the scale of challenges we face to secure a more sustainable planet, a more inclusive society and long-term economic prosperity.

Best regards,

Shargiil Bashir
Group Chief Sustainability Officer



In 2021, we launched our new Group ESG Strategy designed to accelerate our growth in areas that are most pertinent to emerging sustainability opportunities and challenges.

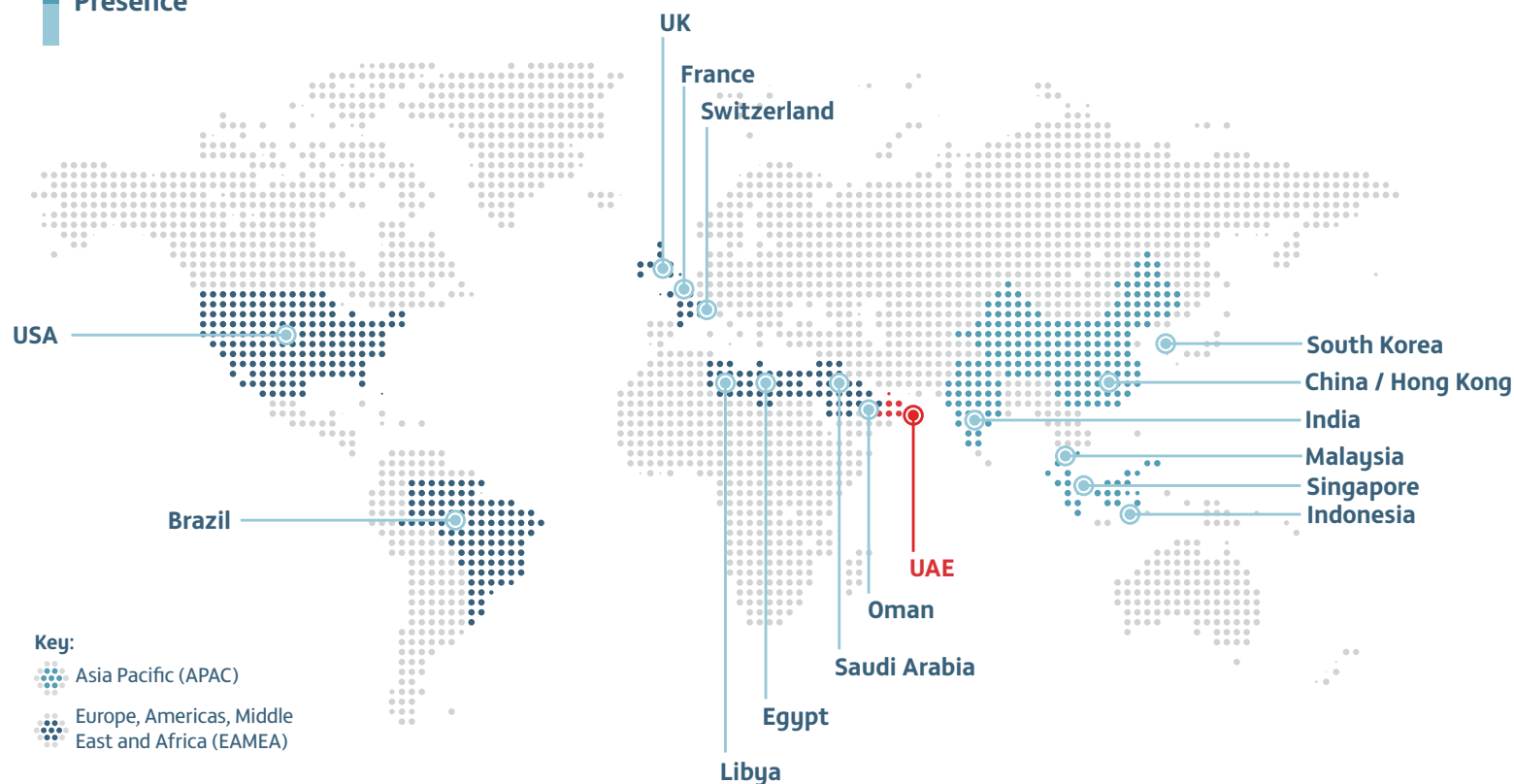
ABOUT FAB

FAB is UAE's largest bank and one of the world's largest financial institutions. We offer an extensive range of financial products and services through our business lines. We have also established a solid presence in related fields and subsidiary enterprises.

With total assets of AED 1 trillion (USD 274billion) as of December-end 2021, 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 is also rated AA ('Leader') by MSCI ESG Rating and has been ranked by Global Finance Magazine as one of the safest bank in the UAE and the Middle East.

Headquartered in Abu Dhabi, our international network spans five continents, providing the global relationships, expertise and financial strength to support local, regional and international businesses seeking to do business at home and abroad.

Strategic International Presence



Global presence across

5 continents

Domestic network across

7 Emirates

Governed by prominent regulators **around the world** in addition to UAE Central Bank

19% increase in profits

We serve customers across five continents with a workforce of 6,600 employees; our global chain is made up of 1,997 contracted suppliers.

FINANCIAL PERFORMANCE



Maintaining a strong financial performance allows us to support our operations, provide value to our shareholders, and contribute to the communities in which we operate.

Key Highlights:



Group net profit of AED 12.5 billion for 2021, **up 19% year-on-year**.



Total assets exceeded AED 1 trillion in 2021, up 9% from 2020, while customer deposits stood at AED 614 billion, up 14 per cent year-on-year.



Loans, advances and Islamic financing, equalled AED 410 billion, marking a **6% year-on-year increase**.



FAB's liquidity coverage ratio (LCR) measured was 134%, non-performing loan (NPL) ratio stood at 4% and provision coverage at 98%.



Group revenues for the full year of 2021 equalled AED 21.7 billion, marking a **17% year-on-year increase**. Its impairment charges stood at AED 2.7 billion, while operating costs equalled AED 5.8 billion, up 9% excluding the impact of Bank Audi Egypt (BAE).





Market Heavyweight

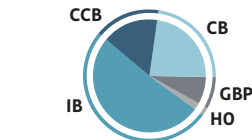
- Total assets
AED 1 Trillion
#1 in UAE
#2 in MENA
#107 Globally¹
- Market Cap
AED 206 Billion / USD 56 Billion
#3 in MENA
#45 Globally
- Global Emerging Markets & ESG equity indices

Among the largest constituent from UAE / MENA



Dominant & Diversified Franchise

- UAE Market Share (by assets)²:
>30%
- Well diversified revenue by business line...



and geography...



through strategic global presence across **5 continents** and **19 markets (inc. UAE)**

- **Only Regional Bank Amongst Top #5 Across Mena Investment Banking League Tables³ In 2021**



Robust Foundation

- **Robust Capital Adequacy and Liquidity**
- **AA-Strongest combined credit rating in MENA^{4,5}:**
- **#1 Safest Bank in UAE & Middle East**
#4 Safest in Emerging Markets
#16 World's Safest Commercial Banks
- Portfolio of:
Best-in-class products & services
- Driven by:
Customisation & digitisation
- To deliver:
Superior customer experience



Superior Shareholder Returns

- **Track record in delivering superior returns to our shareholders**
- Total Shareholders' Return (TSR) in 2021
54%
- Superior risk-return profile:
4th amongst Top AA-rated commercial banks on RoTE⁶



ESG Leader

- **MSCI ESG Rating: AA ('Leader')**
- Commitment to become a Net Zero bank by **2050**
- Green bond market:
#1 in UAE
- Regional Leader in Sustainable Finance: Commitment to facilitate **USD 75 Billion of sustainable finance projects by 2030**
- CDP Score: **B**
- Diverse global workforce⁷:
6,600 people

1. The Bankers' 2021 Top 1000 World Banks Rankings, July 2021
2. Based on UAE listed banks total assets as of 31 December 2021
3. Bloomberg, Dealogic
4. Moody's, S&P & Fitch
5. Global Finance Magazine safest bank rankings, September 2021
6. Ranked 4th out of 12 'AA-' rated banks ('AA-' rated by all 3 major rating agencies – Moody's, S&P & Fitch); Data based on latest available annual financials
7. Full Time Employees (FTEs), excludes outsourced staff; includes Bank Audi Egypt FTEs



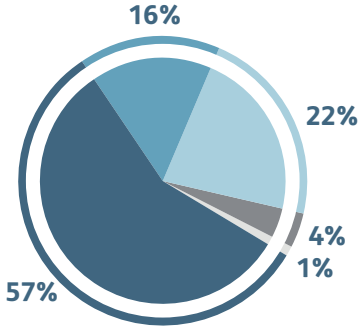
(For more information on our
Financial Performance please
refer to our 2021 Annual Report)

Key Highlights:



Breakdown by Business

Revenue FY21

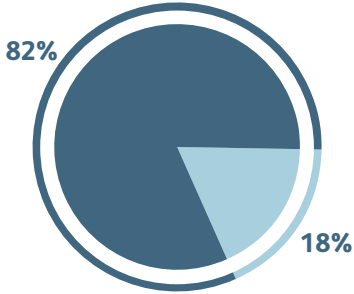


- Investment Banking
- Corporate & Commercial Banking
- Consumer Banking
- Global Private Banking
- Head Office*

* Head Office includes Bank Audi Egypt

Breakdown by Geography

Revenue FY21



- UAE
- International

INTRODUCTION

First Abu Dhabi Bank (FAB) is committed to showcasing our sustainability disclosures to provide insights into our business and Environmental, Social and Governance (ESG) maturity. The following report adheres to the Global Reporting Initiative (GRI) 2016 standards Core and Sustainability Accounting Standards Board (SASB) Index: Commercial Banks for the fiscal year ending December 31, 2021.

2021 Sustainability Highlights

In **2021**

FAB launched its Group ESG Strategy along with a transformed ESG Governance structure. As part of this transformation, FAB also appointed its first Chief Sustainability officer in 2021.



In **2021**



we became the **first bank in the UAE** and Gulf Cooperation Council (GCC) to join the UNEP FI's Net Zero Banking Alliance (NZBA) and we will set targets for **greenhouse gas reduction in 2022**.

32%



of FAB's senior and mid-management positions held by **women** as of **2021**.

FAB currently manages

50%



of the Khalifa Fund Portfolio, and we plan to **grow the portfolio by 8-10%** on an annual basis.

In **2021** we set a target to lend, invest, and facilitate business over



USD 75^{bn}

by **2030** to activities focused on environmental and socially responsible solutions.

FAB acted as Joint ESG Structuring Bank, Joint ESG Coordinator, Joint Bookrunner and Mandated Lead Arranger for the first sustainability linked loan in global aviation tied to ESG targets;

USD 1.2^{bn}

loan to **Etihad Airways**.



In 2021, we issued

762,000

new **Ratibi prepaid payroll cards** an increase of **13%** from 2020.



OUR APPROACH TO SUSTAINABILITY

Our ESG Strategy will focus on Transforming our Governance Model, Transitioning to a Low Carbon Future and Capitalising on our Social Responsibility.

It is now widely recognised that ESG issues are a key driver of both risk and opportunity for financial institutions. We have a responsibility to our stakeholders to ensure that ESG issues are effectively managed by the bank.

With this in mind, in 2021 we started to define our new ESG Strategy with the goal of ensuring that the bank stays ahead of the curve as stakeholder expectations evolve. Our approach to sustainability is guided by three pillars: transforming our governance model, transitioning to a low carbon future and positive social impact. All three pillars ultimately support FAB's goal of sustainable

financial performance by reducing risk and creating new business opportunities.

In developing our ESG strategy we consulted with internal and external stakeholders to determine which ESG topics are most material to the bank under each of these pillars. We are setting Key Performance Indicators (KPIs) to work towards our 2025-2030 ambitions in these topics. These ambitions include sustainable finance targets, reducing carbon intensity, increasing female representation in senior roles, and fully implementing TCFD recommendations.



Transforming our Governance Model

- We will commit to the highest standards for ESG accountability, transparency and risk management.



Transitioning to a Low Carbon Future

- To become the model sustainable financial institution in the Middle East and North Africa.
- To act in partnership with our stakeholders to accelerate the transition to a Net Zero society and economy.



Capitalising on our Social Responsibility

- To expand access to financial services for all - in particular underbanked groups.
- To foster a diverse, inclusive and equitable organisation.



Transforming our Governance Model



This pillar outlines FAB's approach to a governance model including identifying incentives linked to ESG and responsible use of data. The material topics related to the governance pillar are as follows:

• Disclosure

- Disclosure of ESG KPIs and performance update, together with Financial reporting.

• Incentives linked to ESG

- Incorporate ESG Criteria into FAB Group's Balance score card from 2022.

• Whistleblower policies and processes

• Governance structures for dealing with ESG issues

- Board sub-committees with clear ESG responsibilities.
- Continued and enhanced focus on Financial Crime and Anti Bribery.
- Ensure strong Governance and control measures for modern slavery and child labour. aligned with global best practices.

• Responsible use of ESG data

- Full implementation of Task Force on Climate – related Financial Disclosures (TCFD) recommendations.
- Implementation of new ESG Risk Framework.
- Ensuring transparency by enhancing our governance model.



Transitioning to a Low Carbon Future



This pillar outlines FAB's approach to Net Zero transition, climate resilience and a circular economy. The material topics related to the environmental pillar are as follows:

• Net Zero transition

- Sustainable Finance by 2030 more than USD 75 billion.
- Incorporate ESG as part of the vendor sourcing, selection and evaluation process.
- Incorporate smart energy management systems to improve data tracking, measurement, and energy efficiency.

• Climate adaptation and resilience

- Reduce carbon intensity for key sectors by 2030.
- Majority of energy for FAB operations be from renewable sources by 2030.
- 30% reduction in water and energy consumption per employee by 2030.



Capitalising on our Social Responsibility



This pillar outlines FAB's approach to social responsibility including diversity, women's empowerment, education and financial inclusion for all groups at all levels within the bank. The material topics under the social pillar are as follows:

• Diversity and inclusion

- To be a diverse and inclusive place of work, promoting genuine equality of opportunity for all groups at all levels within the bank.

• Women's empowerment

- 30% of women in senior management by 2025, 40% of women in senior management by 2030.
- 20% of female representation on all boards of subsidiaries by 2025, 40% of female representation on all boards of subsidiaries by 2030.

• Emiratisation

- Over 50% of staff will be UAE Nationals by 2025.

• Financial inclusion

- Strategic focus on financial inclusion including key markets such as Egypt.
- SME financing to support business growth with enhanced focus on Egypt.
- Support delivery of financial education to community.

• Employee wellbeing

• Access to affordable healthcare and housing

• Support underbanked/underserved customers

- Continue social responsibility efforts by committing towards donations and sponsorships.

OUR SUSTAINABILITY COMMITMENTS

Reporting Frameworks



Global Reporting Index (GRI)	FAB's non-financial reporting is presented in the Bank's annual ESG reports, in accordance with the GRI Standards – Core option.
Sustainability Accounting Standards Board (SASB)	FAB is committed to reporting against the SASB Index for Commercial Banks.
Equator Principles (EP)	The EPs are intended to serve as a common baseline and risk management framework for financial institutions to identify, assess and manage environmental and social risks when financing projects. FAB's commitment to the EPs provides the foundation for the Bank to further define its ESG frameworks during client interactions and to adopt international best practice in social and environmental risk evaluation.
CDP	The CDP runs the global disclosure system for investors, companies, states, and regions to manage their environmental impacts. The CDP is the gold standard on environmental reporting which supports our goal to continuously reduce our carbon footprint and provide transparency across our environmental performance.
Net Zero Banking Alliance	The Net Zero Banking Alliance (NZBA) is an industry-led, UN-convened alliance that brings together banks worldwide representing over 40% of global banking assets, which are committed to aligning their lending and investment portfolios with Net Zero emissions by 2050. In 2021 FAB became the first bank in the UAE and GCC region to join NZBA.
Principles for Responsible Banking	The Principles for Responsible Banking (PRB) are a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.
Green Bond	Green bonds enable capital-raising and investment for new and existing projects with environmental benefits. Our Green Bonds follow the International Capital Market Association (ICMA) Green Bond Principles (GBP). Our framework sets out the governance and approach, outlines eligible project categories and emphasises transparency.
TCFD	The Task Force on Climate-Related Financial Disclosures (TCFD) improves and increases reporting on climate-related financial information. FAB is committed to implementing the recommendations of the TCFD. In 2019, we joined forces with 92 other Financial Institutions from around the globe and were the first Financial Institution within the MENA region to make this commitment. In 2020 we performed a screening assessment to understand the next steps required for implementation.
ADX	Abu Dhabi Securities Exchange (ADX) is a market for trading securities, including shares issued by public joint stock companies, bonds issued by governments or corporations, exchange traded funds, and any other financial instruments approved by the UAE Securities and Commodities Authority (SCA). FAB is committed to disclose its ESG performance in alignment with ADX ESG guidelines and the recommendations of the sustainable stock exchanges.
The Green Investment Principles (GIP) for the Belt and Road Initiative (BRI)	The GIP is a set of principles for greening investment in the Belt and Road. The GIP aim to enhance the sustainability of the infrastructure and economic development of the BRI countries. FAB is a signatory for the GIP for the BRI, we report annually on our progress towards integrating these principles.

OUR SUSTAINABILITY COMMITMENTS

 National Goals	UAE Net Zero by 2050	<p>The UAE Net Zero by 2050 strategic initiative is a national drive to achieve Net Zero emissions by 2050, making the Emirates the first Middle East and North Africa (MENA) nation to do so. The initiative aligns with the Principles of the 50- the UAE's roadmap for accelerating national economic development to mark the country's golden jubilee year, as the nation enters a new 50-year cycle of growth. The major economic opportunities offered by the path to Net Zero directly support a vision to develop the Emirates into the most dynamic economy in the world. FAB's new Net Zero transition initiative is inline with the UAE's Net Zero by 2050 strategic initiative.</p>
	Abu Dhabi Economic Vision 2030/UAE Vision 2021/ UAE Green Agenda 2015-2030	<p>We are committed to the growth and prosperity of Abu Dhabi and the UAE. Supporting the UAE's sustainability objectives included in the UAE Vision 2021, the UAE Green Agenda 2015-2030, and the Abu Dhabi Economic Vision 2030 is a priority for us and connects to our core purpose of creating shared value for our stakeholders.</p> <p>FAB is represented on national sustainability committees and task forces, and we are a signatory to the Abu Dhabi Sustainable Finance Declaration to support sustainable financing for economic development.</p>
 International Goals	UN SDGs	<p>The UN SDGs provides a call for action through a global partnership between all UN Member States. The 17 SDGs recognise that ending poverty must go hand in hand with strategies that improve health and education, reduce inequality, and spur economic growth- all while tackling climate change and working to preserve our oceans and forests. We align our business practices and sustainability performance to relevant SDGs. We are a member of the UAE Private Sector Advisory Council, which is focused on the implementation of the SDGs.</p>
	UN Global Compact	<p>We have committed to submit an annual Communication on Progress (COP) report that describes our efforts to implement the Ten Principles of the UN Global Compact on human rights, labour, environment, and anti-corruption.</p>
	Net Zero Commitment	<p>At FAB, we recognise the significant challenges posed by climate change to the earth, society, and the economy. We have taken a significant step across our financing activities by joining the NZBA, bringing together global banks committed to aligning their lending and investment portfolios with Net Zero emissions by 2050. FAB is the first bank in the UAE and the GCC to join this group of global financial institutions. This initiative is undertaken as part of the UNEP Finance Initiative (FI) launched by the NZBA to create a platform for banking institutions from across the world to align their portfolios with Net Zero carbon emissions targets.</p>

MATERIALITY ASSESSMENT

Inline with our new ESG strategy and KPI ambitions, we categorised the most material topics to FAB in accordance with our main ESG pillars: transforming our governance model, capitalising on our social responsibility, and transitioning to a low carbon future. We added two new topics this year – ESG risk management and Net Zero Transition.



Transforming our Governance Model

- Governance, business ethics and compliance
- ESG risk management
- Systemic risk management
- Customer privacy and data security
- Business continuity
- Digitalisation
- Disruptive Innovation
- Anti-money laundering and anti-corruption



Transitioning to a Low Carbon Future

- Direct environmental impact of operations
- Net Zero Transition
- Responsible lending and investing



Capitalising on our Social Responsibility

- Financial inclusion and accessibility
- Customer experience
- Employee wellbeing
- Diversity and inclusion
- Talent attraction and retention
- Learning and development
- Emiratisation
- Socially responsible procurement
- Community investment and socio-economic development

Transforming our Governance Model

Highlights our transparent governance structure that helps improve decision making, customer privacy, management of systemic and ESG risks, and due diligence. We also showcase how we continue the delivery of our services during disruption.

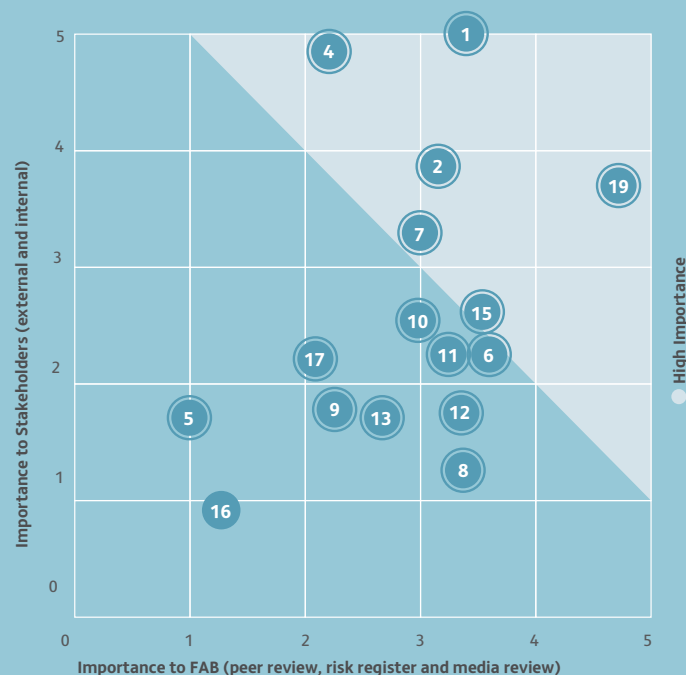
Transitioning to a Low Carbon Future

Reflects our goal for an overall sustainable banking system. It explains how we are aiming to make a positive contribution to our customers by embedding environmental initiatives and sustainability in the strategy, operations, and transactional levels of the Bank, as well as across all our business areas.

Capitalising on our Social Responsibility

Describes the steps we are taking to become a company of choice, how we value our people, prioritise diversity and inclusion, and benefit the community and our local Emirati population. We also showcase how we safeguard against money laundering and corruption.

In 2022, we will conduct a materiality assessment refresh to ensure that our material topics remain relevant with our developing strategy.



Our materiality assessment, in accordance with the principles developed by the Global Reporting Index (GRI) was conducted in 2020. In 2021, we revalidated this assessment in line with our new ESG strategy and found strong alignment between this assessment and the material topics identified during the development of our ESG strategy.

As part of FAB's newly launched ESG strategy and the materiality assessment conducted last year, the 19 material topics were categorised and ranked according to the KPIs and ambitions that were set for the ESG strategy targets. From the 19 topics examined, six were deemed material (Financial Performance, Responsible Lending and Investing, Employee

Wellbeing, Governance Business Ethics and Compliance, Customer Experience and Systemic Risk Management). The graph above shows the importance of each topic both to internal and external stakeholders and to FAB, based on the assessments previously described. The following report is written in compliance with GRI Core and the most important materiality topics have been mapped against the following GRI indicators. In addition to this, two new topics (ESG risk management and Net Zero Transition) were also identified as material during our strategy building and have been reported in this report. In 2022, we will conduct a materiality assessment refresh to ensure that our material topics remain relevant with our developing strategy.

The most material topics mapped in line with the following GRI indicators:

- Financial performance (GRI: 201-1)
- Responsible lending and investing (GRI 203-2)
- Employee wellbeing (GRI 403-6)
- Governance, business ethics and compliance (GRI 102)
- Customer experience (No GRI disclosure is fully aligned with the definition of customer experience)
- Systemic risk management (GRI 102-30)

The ranking of the material topics is as follows:

1. Responsible lending and investing
2. Governance, business ethics and compliance
3. Business continuity
4. Employee wellbeing
5. Socially responsible procurement
6. Financial inclusion and accessibility
7. Systemic risk management
8. Talent attraction and retention
9. Learning and development
10. Digitalisation
11. Customer privacy and data security
12. Diversity and inclusion
13. Community investment and socio-economic development
14. Emiratisation
15. Customer experience
16. Disruptive innovation
17. Direct environmental impact of operations
18. Anti-money laundering and anti-corruption
19. Financial performance

TRANSFORMING OUR GOVERNANCE MODEL



How Sustainability Is Governed At FAB

At FAB, we have formally integrated new ESG committees and teams to the existing governance structure to be aligned with the Group's recently launched ESG Strategy, framework and policy.

The ESG policy sits within our Board Risk and Compliance Committee (BRCC) who guide and implement the Group's Sustainability vision. The Committee is the highest authority on ESG performance that monitors and reports on progress by engaging with leadership and business lines across the organisation.

The Group's ESG framework feeds up into the Group ESG Committee (G-ESGC) with the Group CEO having oversight of the actions and activities relating to sustainability, climate change and ESG. On a functional level, the G-ESGC is supported by ESG and Sustainable Finance Committee (ESG-SFC) that converts policies and board directions into ESG strategies and monitors the ESG performances of business lines and support functions.

(For more information on our board structure please refer to our 2021 Corporate Governance Report).

Governance structure:



Governance, business ethics and compliance

We are committed to the highest governance standards and believe it to be essential for effective and responsible decision-making. Built on the pillars of transparency and accountability, our 2021 ESG Governance Model is designed for long term resilience and sustainability. We have formally integrated new committees and teams to the existing governance structure to better support the Board Members in driving and achieving the Group’s ESG vision.

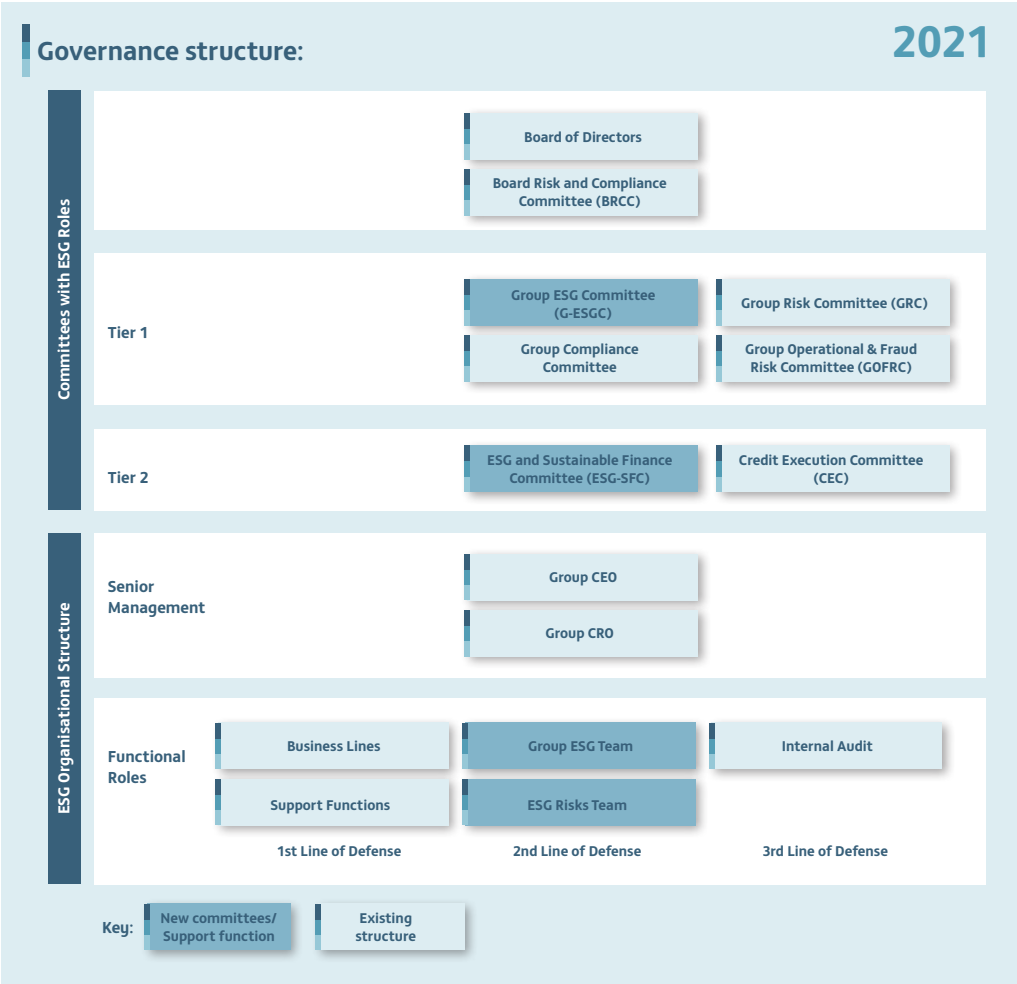
The Board of Directors sit at the helm of affairs directing our ESG ambitions in an ethical and transparent way to ensure long-term performance and sustainability. Our Board of Directors consists of nine independent and two non-independent, non-executive members who are accountable for the Bank’s compliance with international best-practice governance standards and regulatory guidelines of Central Bank of the UAE (CBUAE) and other associated committees.

The Board’s ESG strategic directions are communicated to the wider group through the Board Risk and Compliance Committee (BRCC). The newly formed Group ESG Committee (G-ESG), that operates under the delegated authority from the Group Executive Committee (“EXCO”), supports BRCC in promoting and overseeing the ESG culture and awareness

across the Group. G-ESG represents the highest authority at management level for all ESG related decision making across the Group. It is supported by the ESG and Sustainable Finance Committee (ESG-SFC) that oversees the implementation of all ESG Strategy, Policy and Sustainable Finance Framework.

The ESG directions set out by BRCC are further cascaded down to the organisation through group wide ESG policies and strategies which are developed and executed by the new Group ESG Team (GET) and ESG Risk Team (G-ESG-R). Guided by the G-ESG, the GET and G-ESG-R coordinate with the business lines and support functions in gathering and communicating relevant ESG data to the management.

“We are committed to the highest governance standards and believe it to be essential for effective and responsible decision-making.”



Business Ethics

The Code of Conduct and Employee Code of Conduct sets the expectations of appropriate behavior for all FAB employees. We believe it to be our collective responsibility to uphold a culture of no tolerance to unethical practices. Our Group Compliance Committee ensures adherence of all FAB employees to the Codes of Conduct and other compliance requirements (For more information on our board responsibilities please refer to our 2021 Corporate Governance Report). Employees are encouraged to report unethical practices and behaviors with our compliance teams through dedicated help desk and respective line managers. Employees not complying with the Code of Conduct and other applicable laws are subjected to disciplinary actions. In 2021, 144 breaches of the Code of Conduct were recorded as compared to 151 breaches in 2020.

Year	Breaches
2021	144
2020	151

We annually disclose financial and non-financial data from Investor Relations, Corporate Communications, Corporate Sustainability and Regulatory Compliance teams to stakeholders and regulatory authorities. Key statistics are internally communicated to ensure employees awareness of FAB's strategies, risks and duties whilst protecting confidential commercial information.

Compliance

We ensure compliance with the applicable laws and regulations of the Central Bank of the United Arab Emirates (CBUAE), FAB's lead regulator, and other regional and international government authorities. We have a zero-tolerance policy for instances of non-compliance. Education and continuous communication are key to ensuring that we embed compliance responsibility across our organisation. All matters regarding compliance are reported on a quarterly basis to the Compliance Committee.



Whistleblowing Policies

We continuously educate our staff on FAB's Group Whistleblower Policy, which has been developed to foster a culture of transparency and trust. A range of secure and protected channels are available for reporting incidents of whistleblowing. The reporting mechanism allows employees to raise serious concerns without fear of retaliation. A preliminary investigation will be carried out in order to assess whether or not a complete inquiry should be carried out and by whom. The whistleblower has the right to be notified of the result of his or her disclosure as well as the findings of any investigation. Examples of misconduct include:

- Workplace misconduct – matters related to Human Resources and Environment Health, and Safety.

- Fraud including financial related misconduct – theft, abuse of assets and other general/financial related fraud matters.
- Bribery/Corruption misconduct – corrupt practices including giving or receiving bribes or other improper benefits.
- Regulatory and business misconduct – compliance issues, conflict of interests and other regulatory violations.
- Data and Security misconduct – information security, data privacy and other cyber security related matters.



ESG Risk Management

In 2021, FAB introduced an ESG lens into the risk management processes to minimise exposure to potential losses resulting from ESG issues and cultivate opportunities that create positive environmental and social impacts through our core business of providing financial products and services. We launched our Group ESG Risk Policy and our Group ESG Risk Framework last year through which we address the ESG risk considerations in FAB, chiefly:

- Setting an effective ESG risk governance structure and oversight with clear responsibilities across the Three Lines of Defence.

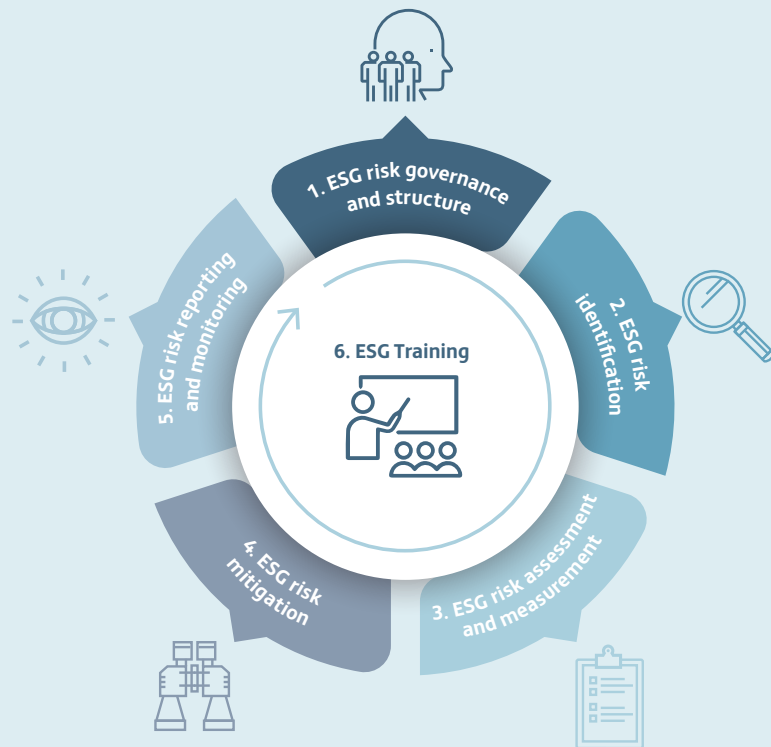
- Encouraging an ESG risk culture within the Group through building ESG risks awareness and understanding all levels.
- Establishing a reference guidance for identifying and assessing ESG risks across the Group.
- Defining key ESG risk metrics and performance indicators for monitoring and reporting.
- Developing ESG risk assessment tools and defining processes for onboarding of new clients, transactions, and vendors.



ESG Risk Framework Components:

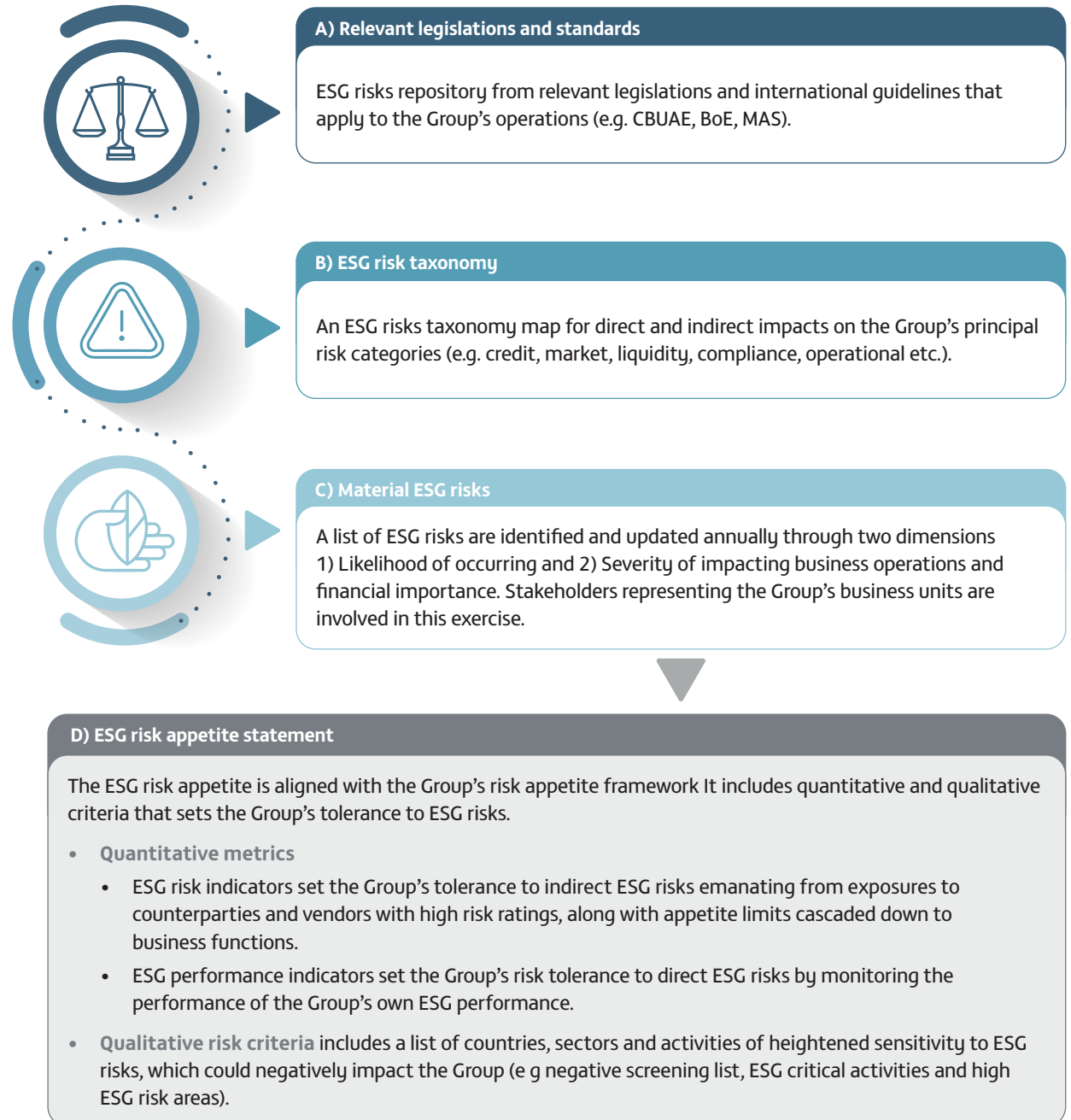
The Group adopts a holistic approach in integrating ESG risks starting with raising the level of ESG awareness and preparedness, developing a sound ESG risk governance structure and responsibilities, and developing tools and methods to identify, assess, manage, and report on ESG risks.

Enabler(s): Establish an ESG driven culture across the organisation



Enabler(s): Systems, tools, policy, and board and senior management sponsorship

The key measures considered in identifying ESG risks across the Group's operations include:



One of the key updates was the alignment of ESG risk appetite with the Group's risk appetite framework to set tolerance thresholds to ESG risks. These alignments were driven by FAB's Group ESG Policy, laying down ESG risk identification and assessment guidelines for the business and defining key ESG metrics and performance indicators for onboarding clients and vendors.

Our well-defined corporate governance structure allows us to effectively manage the inherent ESG risks. Supplemented by our Enterprise Risk Management (ERM) framework, we are able to serve customers and deliver assurances for shareholders. Our comprehensive risk management framework prevents financial losses, regulatory sanctions, and reputation damage.

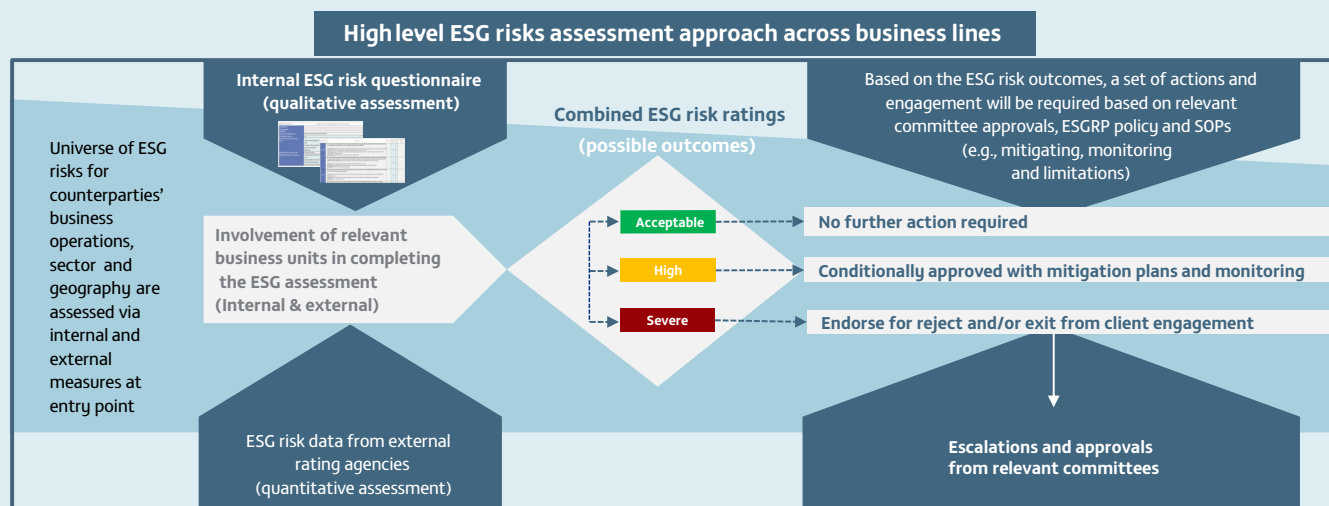
FAB's ESG risk repository is drawn from relevant national and international legislation requirements and material ESG risks across operations. In 2021, ESG risks were assessed as a standalone risk with future plans to map it to the Group's risk categories. The ESG risk team updates the ESG risk repositories and list of material ESG risks annually and biannually, whenever new updates are needed.

FAB's ESG risk management framework follows a stepwise approach including risk identification, assessment, mitigation, monitoring, and reporting.

ESG risk assessment and measurement

ESG risk assessment across business activities

- The Group's activities are assessed through an ESG risk assessment tool in addition to the Equator Principles (a risk management framework for managing environmental and social risks in project finance).
- This assessment is conducted during onboarding of new clients/vendors, periodic credit and customer reviews, new transactions, ad-hoc event driven reviews and investments from the Group's own funds.
- The assessment combines inputs from ESG risk ratings provided from credible external agencies, and an internally developed ESG risk questionnaire to assess the counterparties ESG management approach.



ESG Risk Assessment

A standalone ESG risk assessment tool, developed by FAB, provides ESG risk ratings to the bank's entities (clients and vendors) and portfolios. The tool combines qualitative inputs from internal risk questionnaires with quantitative risk data from ESG rating agencies to grade portfolios under 'Acceptable', 'High' and 'Severe'. Further strategies and escalations are designed around these ESG risk ratings in line with the Group ESG Risk Policy.

Progressing from 2021, a selected number of high environmental risk portfolios were subject to stress testing and scenario analysis with particular focus on climate transition risks. Fully integrated quantitative stress testing for Paris Agreement aligned climate scenarios with risk management framework on both transition and physical risks are work in progress.

ESG Risk Mitigation and Monitoring

For managing high risk portfolios, we upgraded the Bank's risk mitigation framework in line with the Group's 2021 ESG Risk Appetite framework. We address risk mitigation on a case-by-case basis, depending on the risk ratings. Strategic action plans are prepared by G-ESG-R to ensure a portfolio's non-critical activities are maintained at 75% of total revenue. High-risk counterparties are continuously engaged for rolling out risk mitigation action plans aimed at reducing customer's risk exposure. The Group Risk Committee continually monitors all such high-risk rated entities and customers for ESG critical activities and appraises the Board through BRCC.

To further minimise operational risks, FAB has diversified their commercial banking customer base in 2021 to include other sectors like metal industries, arms and tobacco. In 2021, we increased investments in low ESG risk portfolios to 17% as compared to 13% in 2020.

Sector	High ESG risk sector	% share of 2021 funded loans & advances	% share of 2020 funded loans & advances
Energy	Petroleum refinery	2.7	2.7
	Extraction of crude petroleum	2.1	2.9
	Electric power generation, transmission and distribution	2.0	2.3
	Others mining and quarrying	1.4	1.2
	Any other petroleum product not included elsewhere	0.0	0.3
Transport & Communication	Airlines and air transport	3.1	3.8
	Transport via pipelines	0.0	0.0
	Water Transport	0.5	0.6
	Motion pictures, video and television program production, sound recording and music publishing activities	0.0	0.0
Manufacturing	Non-ferrous metal basic industries	1.5	1.3
	Iron and steel basic industries	0.4	0.5
	Manufacture of other transport equipment	0.2	0.2
	Manufacture of motor vehicles, trailers and semi-trailers	0.1	0.1
	Manufacture of basic industrial chemicals except fertilizers	0.2	0.7
	Other chemical products not classified elsewhere	0.1	0.1
	Manufacture of rubber and plastics products	0.0	0.0
	Cement, lime and plaster manufacturing	0.1	0.1
	Fertilizers and pesticides	0.0	0.0
	Manufacturing of pharmaceuticals, medical, chemical and botanical products	0.0	0.0
	Paints, varnishes and lacquers	0.0	0.0
	Waste collection, treatment and disposal activities	0.0	0.0
	Tiles and other structural clay products	0.0	0.0
	Manufacture of Textile, leather, footwear and clothing	0.0	0.1
	Casting of metals	0.0	0.0
	Soap, cleaning preparations, perfumes, cosmetics etc	0.0	0.0
	Manufacture of wearing apparel	0.0	0.0
Trading	Wholesale of solid, liquid and gaseous fuels and related products	1.4	1.3
	Sale of motor vehicles, parts and accessories	0.6	0.8
	Wholesale of metals and metal ores	0.1	0.1
	Wholesale of construction materials, hardware, plumbing and heating equipment and supplies	0.2	0.1
	Sale, maintenance and repair of motor vehicles, parts and accessories	0.0	0.0
	Wholesale of waste and scrap and other products.	0.0	0.0
Construction	Construction of buildings	1.8	1.6
	Civil engineering	0.4	0.6
Agriculture	Cultivation of crops	0.0	0.0
	Fishing and aquaculture	0.0	0.0
Services	Sewerage	0.0	0.0
Other High Risk	Other High Risk	0.5	0.4
	High ESG risk sectors	20	22
	Medium ESG risk sectors	26	28
	Low ESG risk sectors	17	13
	Not classified (individuals, government and FI's)	38	36
	Total	100	100

ESG risk classification based on EBRD and FAB's assessment

As part of our measures to respond to the growing interest from stakeholders, we initiated climate stress testing on all our bank portfolios to identify related physical and transition risks of Climate Change. A fully integrated risk management framework accounting for climate change risks is anticipated by 2023. In 2021, GET piloted climate stress testing to improve the Banks's maturity on testing aspects and standardise methodologies in line with 'NGFS Climate Scenarios for Central Banks and Supervisors'.

FAB's pilot climate stress testing was aimed to assess customers physical and transition risk impact on financial performance. The testing followed three key steps that are highlighted in the diagram opposite.

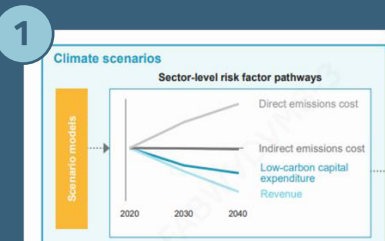
ESG Risk Reporting

We disclose transparent disclosure of our ESG performance metrics and indicators through annual reportings and Carbon Disclosure Projects (CDP). In 2020, we committed ourselves for TCFD disclosures around governance, strategy, risk management and targets and are currently integrating TCFD recommendations for full disclosures by 2023.



Step 1 - Climate/transition scenarios:

Sets up portfolios under three scenarios, 'Orderly', 'Disorderly' and 'Hot House World'. The Orderly and Disorderly scenarios explore a transition which is consistent with limiting global warming to below 2°C by 2050 while the 'Hot House World' scenario represents severe physical and transition risks.

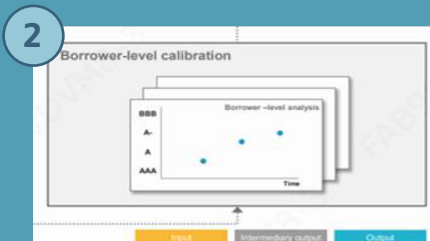


FAB's climate stress testing key steps



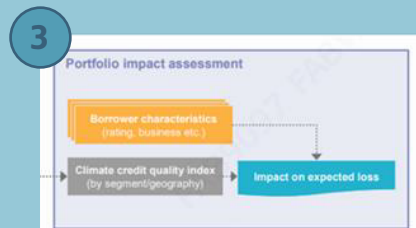
Step 2 - Borrower-level calibration

Evaluates how the transition risks materialise for different sectors across four Risk Factor Pathways (RFP), namely, direct emissions, indirect emissions, low-carbon capital expenditure and revenue. Such evaluations allow us to be better-informed about the targets and thresholds needed to limit sector risk exposures, that determines our risk strategy.



Step 3 - Portfolio impact assessment:

Assesses transition risks on our lender's portfolio for selected sectors and geographies. The outcomes are derived from the risk factor pathways and calibration points from Step 2, to calculate key indicators like PD (probability of default), LGD (Loss Given Default) and ECL (Estimated Credit Loss) for all borrowers within a sector and segment.



Systemic Risk Management

Through efficient risk reward optimisation, risk management creates consistent value for all stakeholders. Our enterprise risk management (ERM) framework is built on solid fundamentals in order to prevent financial and non-financial risks. The framework is designed to be in compliance with regulatory requirements and contains a comprehensive suite of risk policies.

Systemic risks are managed through FAB's "three lines of defence" model, designed with sound fundamentals to withstand financial and non-financial risks. The model is central to the Group's risk management framework that helps identify possible risks and the effectiveness of related policies and frameworks.

FAB's business lines and support functions form the first line of defence.

- Ensure strict adherence with policies and procedures.
- Identify new risks.
- Conduct ESG risk assessments.

Progressing from 2021, the Group ESG Team and ESG Risks Team responsibilities include:

- Developing and amending ESG strategies.
- Recommending ESG assessment methodologies.
- Conduct Climate stress testing.

Internal Audits form the third line of defense to ensure risks does not affect the Bank. Their responsibilities include:

- Independent review of ESG Strategies.

Accountability

Our Board Risk and Compliance Committee (BRCC) has overall accountability for risk governance. The BRCC is supported by several committees in FAB, including: Group Risk Committee, Compliance Committee, Operational Risk Committee and the Information Technology/Information Security Risk Committee. Credit risk is managed by the Corporate and Investment Bank Credit Committee and the Personal Banking Credit Committee.

Business continuity

When confronted with an unfavorable incident, business continuity is crucial for us to guarantee that our operations and services are maintained and continue uninterrupted. When a crisis occurs, such as a natural catastrophe, terrorism, technology failure, or a pandemic, our goal is to minimise financial loss while continuing to service our clients and swiftly mitigating any negative consequences. Every committee is in charge of distinguishing between critical and non-critical operations in order to ensure business continuity. Business or technical recovery solutions are typically associated with significant financial costs, which can lead to a perception of an upcoming disruption. Among the most significant disruptions was COVID-19, as the Bank implemented a number of steps to ensure that our operations remained at an adequate level and were appropriately tailored to the circumstances:

Key Highlights:

- We implemented a gradual return to work strategy for majority of our staff. Our IT infrastructure was expanded to support a hybrid of WFH and office-based work through the use of cloud-based virtual desktop capabilities.
- We continue to provide flexibility to employees - Many employees require flexible work arrangements

in the short to medium term as a consequence of the current situation. Their health condition may make them more vulnerable, or they may be struggling to find work and childcare balance, or they may be taking on additional caring responsibilities on top of their regular job obligations. Forms of flexible working are made possible in order to maintain workplace safety while meeting the changing requirements of the pandemic situation.

- Work-from-office standards were issued; Health and safety measures were enabled in accordance with local requirements, such as social distancing, contact tracing, quarantine policy, limited business travel, and the suspension of physical meetings and activities.
- All FAB facilities were subjected to comprehensive sanitisation processes, and we maintained regular communication with internal and external stakeholders to ensure that they were up to date.
- We are continually improving our WFH cybersecurity, fraud prevention, and operational risk controls.
- We continue to maintain 100% operation with normal business timing for our Consumer Banking Group branches.



First Line of Defence (FLOD) – Business and Enabling Functions

This is an initial review of the data that could be a possible risk to the Bank:

- Day-to-day identification, assessment, management and owner of Enterprise wide risks.
- Ensures strict adherence to policies and procedures.



Second Line of Defence (SLOD) – Control Functions Risk, Credit, Finance and Compliance

The second line of defence to mitigate possible risks:

- Design frameworks, policies, procedures and programmes for enterprise wide Risk Management
- Partner and guide first line of defence to understand and implement risk frameworks
- Ensure frameworks are compliant with laws, regulations, internal policies and procedures to mitigate unacceptable risks



Third Line of Defence (TLOD) – Internal Audit

The final line of defence to ensure the risk does not affect the Bank:

- Provide independent, objective assurance to improve FAB's operations
- Independently test the effectiveness of the enterprise wide Risk Management framework

Digitalisation



Our digitisation efforts have aided consumers beyond geographic boundaries in operating successfully during periods of restricted functioning and mobility, allowing Banking everywhere and whenever.

In our ongoing efforts to enhance customer experience, technology will play a vital role in guiding and educating our consumers on the proper usage of our current and future digital services.

Nafis card

The Nafis card was introduced in collaboration with the AD Department of Finance to assist Emirati citizens in the private sector in receiving financial assistance. FAB has issued approximately 1,800 cards with a combined value of AED 3 million.

- Emirati Salary Support Scheme.
- Unemployment Benefit.
- On-the-job Training Support.

We anticipate that this will grow to a 75k-card portfolio, with AED 700 million in annual benefits being channeled through this scheme.

Digital merchant onboarding

We assisted our clients in activating merchant accounts without the need to visit a branch, including automated onboarding, know your customer (KYC), fraud detection, and risk assessment. In 2021, 429 new clients were onboarded online. Our digital onboarding has increased by more than 300% and will become totally digital by the end of 2022.

MOD (Money On Demand)

Money on demand is a salary advance feature that is available to Ratibi card members through the PayIt application. The cardholders can take out a short-term loan of up to 50% of their average monthly earnings, which will be repaid from their next salary cycle (max of AED 2500). During the course of 2021, we extended 7500 MOD cases for a total loan value of AED 6 million.

softPOS

We made substantial changes to the way payments are received. We introduced solutions that turned a standard smartphone into a contactless card reader, greatly reducing our costs. It functions as a payment terminal, accepting contactless payments made using cards and mobile wallets.

- Targets small and medium merchants.
- Benefits businesses where mobility is essential.
- It drastically speeds up checkouts and reduces queues.

Anti-money laundering and anti-corruption

FAB's mission is to serve its clients by responsibly providing financial services that enable growth and economic progress. Consistent with this goal, FAB has zero tolerance for actions and activities that knowingly and/or intentionally breach Anti-Money Laundering (AML), Counter Terrorist Financing (CTF), Sanctions and Anti Bribery and Corruption (AB&C) laws and regulations.

The Group Anti-Money Laundering – Counter Terrorist Financing Policy, Group Sanctions Policy and Group Anti-Bribery policy provides a globally consistent framework around systems, products, processes and controls to identify and mitigate financial crime risks; and comply with the applicable laws & regulations.

Anti-Money Laundering (AML)-Counter Terrorist Financing (CTF) Policy

The AML-CFT Policy sets the minimum set of standards for the Group to also ensure Compliance with the applicable local regulatory requirements where it operates. Under the AML-CFT Policy, FAB runs the AML-CFT program to protect both its clients and affiliates from the risks of money laundering and terrorism financing. The program establishes a comprehensive governance and oversight of the program across the bank and monitors all activities for breaches.

Group Sanctions Policy and Anti-Bribery and Corruption (AB&C) Policy

FAB is committed to comply with international sanction laws and regulations, by virtue of being an international bank and having sizable participation in international trade and financial transactions. FAB is also committed to full compliance with all applicable anti-bribery and corruption laws and regulations including but not limited to; Foreign Corrupt Practices Act (FCPA), UK Bribery Act, UAE laws and other applicable local country laws / regulations where FAB operates. (For more information please refer to the FAB Financial Crime Compliance Program on our website).



Undertaking Customer Due Diligence (CDD) measures, which covers customer Identification and Verification ("ID&V"), Know Your Customer ("KYC"), customer risk rating and screening.



Providing ongoing mandatory AML and CTF training to all staff.



Undertaking AML transaction monitoring to identify and report suspicious activities.



Identification and screening of all customers, including higher risk customers such as Politically Exposed Persons ("PEPs"), their relatives and close associates.



Ensuring that an independent function regularly tests the effectiveness and adequacy of internal policies, procedures, systems and controls associated with combating potential ML/TF crimes.



The prohibition of the following products, services and customer types:

- Shell entities / banks.
- Anonymous or numbered accounts or customers.
- Payable-through-accounts through local or foreign banks customers.
- Money Service Bureau or similar type of organisations, Charities, Non-governmental Organisations (NGOs), Non-profit Organisations (NPOs) and any other organisations that are not legally established in the country or permitted by local laws, including foreign charities.
- Virtual banks that offers banking services through electronic channels, Crypto/ Virtual currency products.

TRANSITIONING TO A LOW CARBON FUTURE



At FAB, we recognise the significant challenges posed by climate change to the earth, society, and the economy. We have taken a significant step across our financing activities by joining the NZBA which brings together global banks committed to aligning their lending and investment portfolios with Net Zero emissions by 2050.

FAB is the first bank in the UAE and the GCC to join this group of global financial institutions. This initiative is undertaken as part of the UNEP Finance Initiative (FI) launched by the NZBA to create a platform for banking institutions from across the world to align their portfolios with Net Zero carbon emissions targets.

FAB's strategy and operations are guided by international and national sustainability policy positions, climate policy frameworks, as well as our Sustainable Finance framework. FAB is well placed to ensure that a transition to a Net Zero economy will promote our mission of transforming challenges into investment opportunities. Our goal is to develop a more diverse economy and meet the objectives of shareholders and customers through the following concerted efforts:

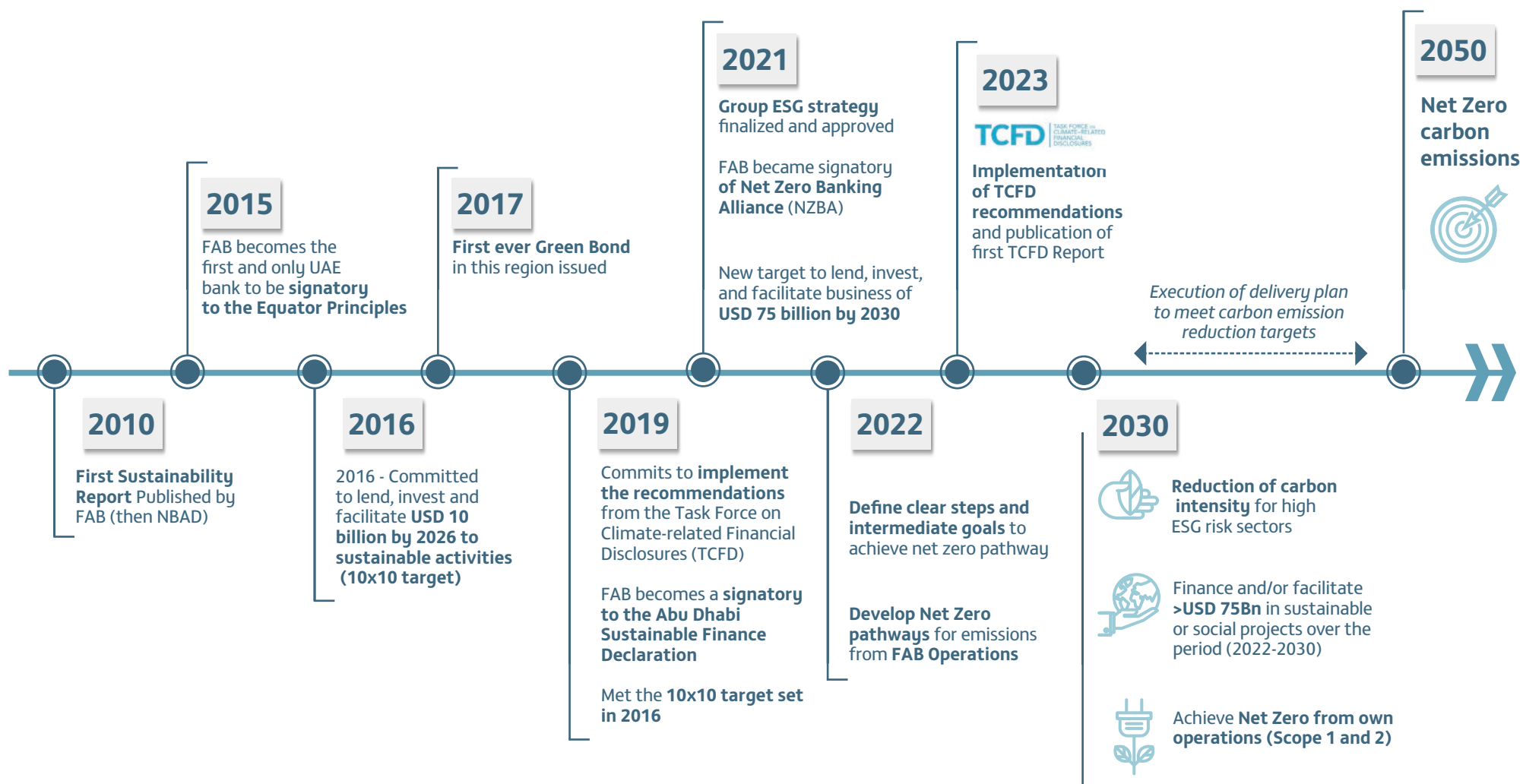
- Integrating climate factors into our assumptions about capital markets.
- Launching investment products with explicit temperature alignment goals.

- Introducing products which are aligned to a Net Zero pathway.
- Using stewardship to verify that the firms in which our customers have invested are both minimising climate risk and taking advantage of the possibilities afforded by the Net Zero transition.
- Committed to sustainable financing of USD 75 billion by 2030 and we are also defining performance targets for greenhouse gas reduction. These targets will be finalised and associated KPIs will be rolled out in 2022.

As more investors choose to divert their investments to sustainability focused companies, the initiatives towards Net Zero will further accelerate. We are constantly seeking opportunities for our investors to better prepare them for a Net Zero world. At the same time, we will continue to build on managing and reducing our environmental footprint and being a responsible financial institution.

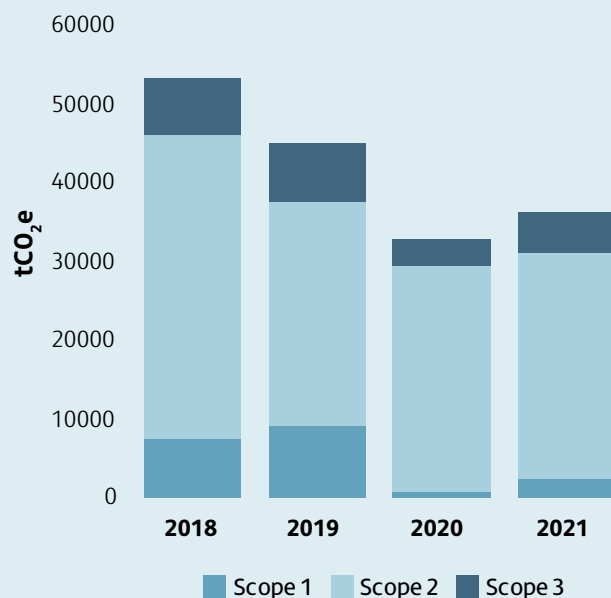


Our timeline to Net Zero



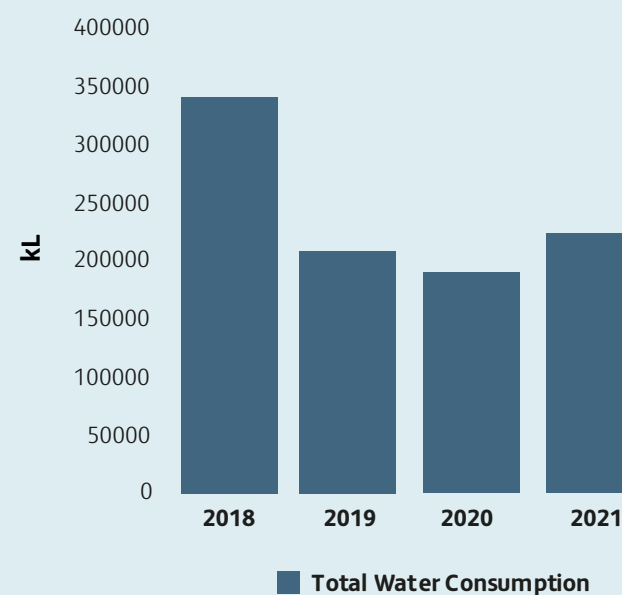
Direct environmental impact of operations

FAB Group Carbon Dioxide Emissions (tCO₂e)



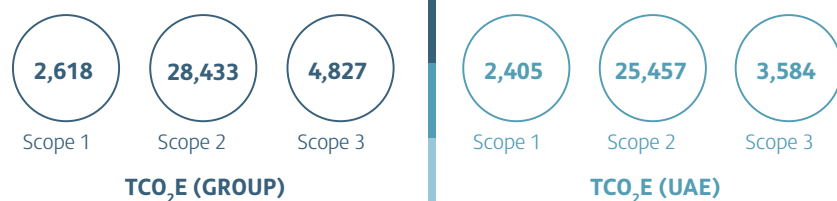
With the gradual return of our employees to office, we saw a 9% increase in total carbon dioxide emissions in comparison to 2020. However, total carbon dioxide emissions levels have been reduced by 21% from 2019 to 2021.

Total Water Consumption (kL)

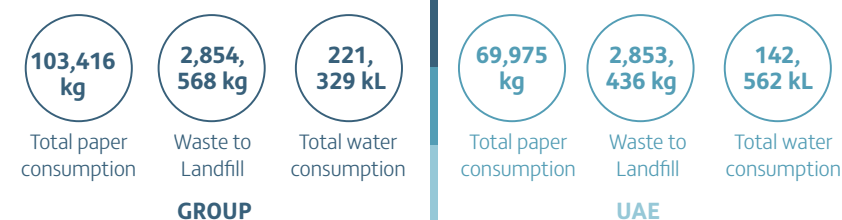


The water consumption in 2021 increased by 18% in comparison to 2020. This is mainly due to the increase branch merger in Egypt that took place during 2021 and due to gradual return of our employees to offices in all our international locations.

Carbon Dioxide Emissions 2021



Materials Consumption and Waste 2021





GHG Emissions*	Unit	Scope	2018	2019	2020	2021
Scope 1	tCO ₂ e	Group	7,399	9,092	631	2,618
Scope 2	tCO ₂ e	Group	38,835	28,538	28,797	28,433
Scope 3	tCO ₂ e	Group	6,892	7,601	3,515	4,827

*Emission Factors used: DEFRA 2020 Emission factors, Second GHG inventory for Abu Dhabi Emirate, EAD 2016, IEA ©OECD/IEA 2020

Materials Consumption and Waste	Unit	Scope	2018	2019	2020	2021
Total paper consumption	Kg	Group	244,880	245,473	98,625	103,416
Waste to Landfill	Kg	Group	1,271,300	1,189,477	850,390	2,854,568*
Total water consumption	kL	Group	335,971	205,133	187,454	221,329

Waste generation has increased in 2021 due to additional cleaning and sanitisation activities that were undertaken throughout the year as employees returned to office. These include frequent office fumigation, deep cleaning, sanitisation, etc.)

We have adopted the operational control approach to define our reporting boundary. Where properties are covered by FAB's consolidated financial statements but are leased to tenants, these emissions are not included in the Group or UAE GHG emissions calculations. All emissions for UAE (except paper consumption) are based on actual invoices information. We have estimated the 2021 emissions for Egypt as data collection in Egypt was not performed in 2021 (data unavailable to track due to recent merger in our Egypt branch). We have also estimated some of our other smaller international locations (e.g. Sudan, USA) emissions data based on past trends. Where FAB is responsible for the utility costs, these emissions are included. Our reporting boundary is as follows:



Scope 1*:

Direct combustion of fuels and refrigerants (globally, and UAE).

*For refrigerant consumption, if a container needs to be replaced, we assume that all the contents have been released to atmosphere.



Scope 2:

Location based purchased electricity for own use (globally and UAE).



Scope 3:

Water consumption (global and UAE), indirect emissions from business travel (global and UAE), waste generated and recycled (global and UAE), paper consumption (global and UAE).

Our Scope 3 emissions do not include our financed emissions, however we intent to measure, monitor and report this as part of our scope in the future.

Responsible lending and investing

As part of our commitment to support the UAE Vision 2021 and the UAE Green Agenda for 2015 – 2030, FAB is leading projects in the area of Sustainable Financing. FAB is the first bank in the GCC to join and lead on a wide-array of initiatives. FAB joined the Net Zero Banking Alliance, issued the first Green Bond, led the first Green Loan and the first Transition Sukuk, the first SDG Loan and the first Vaccine Sukuk in the region.

Our vision is to be recognised as a regional leader in sustainable finance and to have a positive influence on the customers and communities we serve. We are committed to financing and supporting environmental and sustainable initiatives while strengthening our partnerships with stakeholders in the Middle East and market participants.

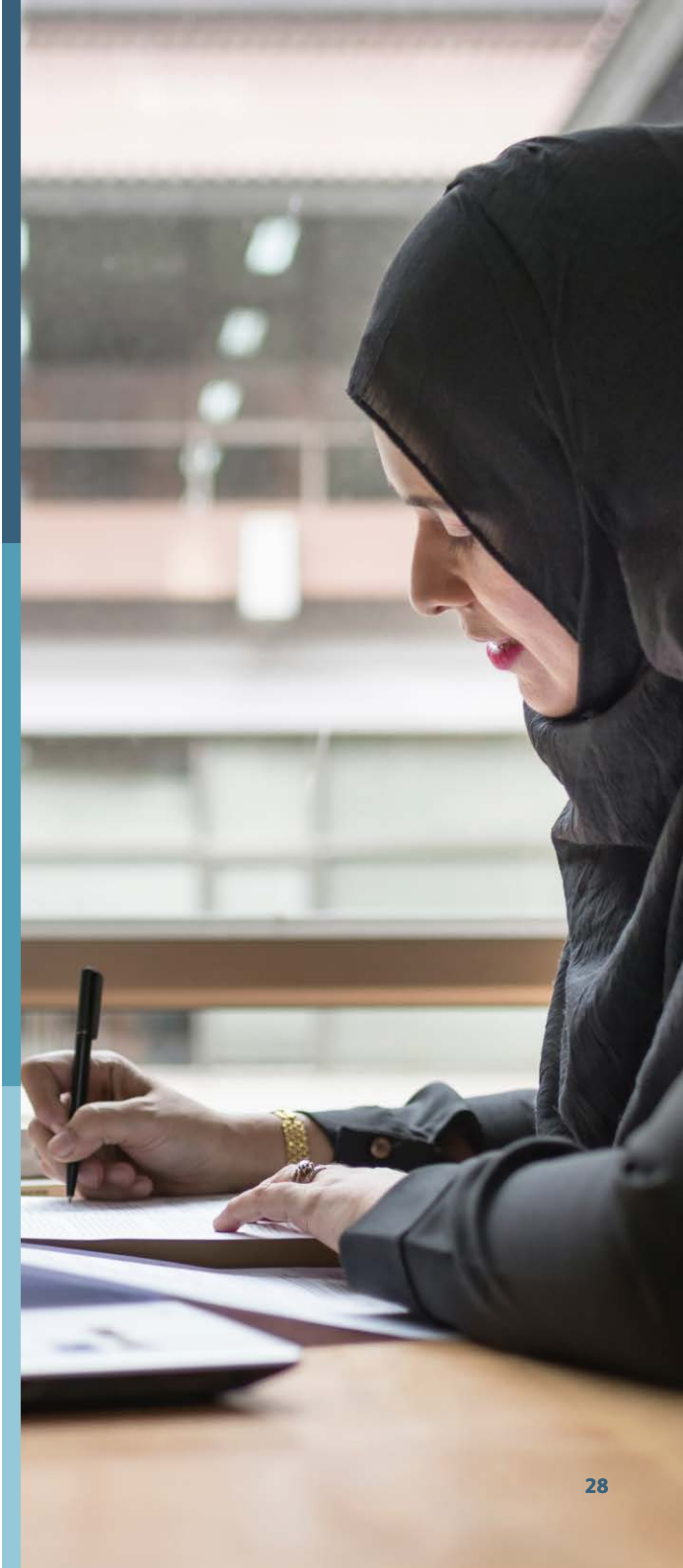
ESG risk concerns are taken into consideration across all our debt and consulting services. We undertake ESG due diligence and screening for clients in the establishment of financing frameworks, project finance, and other related services to this part of our banking franchise. Our governance structure, which oversees lending and funding, is summarised in the table below.

In 2016, we set a target of \$10 billion sustainable financing by 2026 and met this target six years ahead of our plan in 2019. Following this, in 2021, we set a new target for lending, investing, and facilitating business of USD 75 billion by 2030 to activities focused on environmental and socially responsible solutions. This target is in line with our recently launched ESG Strategy.

Equator Principles

FAB was the first UAE Bank to be a signatory of the Equator Principles (EP) in 2015. The EP is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in project finance and other eligible financings. The EP is a core part of our credit processes and FAB's overall sustainability framework. The EP is embedded in our internal policies, procedures and practices for financing projects. As signatories we have committed to evaluate and address social and environmental risks in a consistent way and have pledged to report annually our EP activities for applicable projects.

1. FAB Board and Executive Committee: Oversee our activities, performance, and approach to responsible lending.
2. Investment Banking Division: Driving the ESG transition through sustainable finance and responsible learning. We are also integrating and addressing ESG risks and opportunities across our business products.
3. Corporate Finance Team: At the forefront of regional innovation in ESG activities, creating awareness, advising clients on establishing Sustainable frameworks and enabling access to Sustainable bonds and loans.



Key Highlights:

In **2021** we set a target to lend, invest, and facilitate business over

USD 75bn ↑
by **2030** to activities focused on environmental and socially responsible solutions.




FAB was recognised for
“Outstanding Leadership in Sustainable Finance”



and “Outstanding Leadership in Green Loans” in the Middle East in Global Finance’s inaugural Sustainable Finance Awards 2021.

FAB will further expand the sustainable finance framework to implement new lines of ESG business

In 2022 
to include green trade finance, equity capital markets, commercial mortgage-backed securities, and treasury issuances.

To further enhance **FAB’s commitment** towards responsible lending and investment


6 new green 
bonds were issued in **2021** covering public and private green bonds.

In 2021 FAB increased their total amount of loans and advances by

 **6%**



USD 3bn 

‘Debut Green Term Loan’ and Murabaha Facility for Ministry of Finance, Egypt - FAB played a lead role in analysing the eligibility criteria and advising MoF Egypt on the financing of eligible Green projects under Egypt’s Green Financing Framework.

USD 1.2bn 

Sustainable Linked Loan for Etihad Airways PJSC – Ground-breaking transaction where FAB played a lead role advising the company and acted as ESG Structuring Bank, Joint ESG Coordinator and Bookrunner and Mandated Lead Arranger. The facility is the **first Sustainability Linked Loan – both regionally and globally in the aviation industry** - with all three ESG KPIs linked to reducing CO2 emissions, increasing corporate governance & promoting female participation.

Total assets exceeded a historic high of

AED 1 trillion 
(USD 272 billion) in 2021. 

Case Study – First sustainability-linked ESG loan in the aviation sector



FAB acted as Joint ESG Structuring Bank, Joint ESG Coordinator, Joint Bookrunner and Mandated Lead Arranger for a USD 1.2 billion Sustainability Linked Loan for Etihad Airways - the first sustainability-linked loan in global aviation tied to ESG targets. FAB also acted as Facility Agent for this transaction.

This loan creates added value that are linked to the following ESG initiatives demonstrates Etihad's commitment to the UN Sustainable Development Goals ("SDG's") and its pledge to reduce CO2 emissions to 50% of 2019 levels by 2035 on the way to Net Zero emissions by 2050:



- **Environmental**

Reduce the carbon emissions intensity of the passenger fleet, as measured in terms of CO2 emissions per revenue tonne kilometres.



- **Social**

Contribute towards the socioeconomic development of the community by increasing employment and upskilling of Emirati women in the aviation sector.



- **Governance**

Upholding the highest standards of corporate governance, ethics and integrity.



FAB is committed to empowering key sectors such as the aviation industry, to grow and become more sustainable through impactful finance solutions and achieving its sustainability targets and long term global sustainability leadership ambitions.

Case Study – USD 3 billion 'Debut Green Term Loan' and 'Murabaha Facility' for Ministry of Finance, Egypt ("MoF Egypt")



FAB acted as Joint Global Coordinator, Joint Green Loan Coordinator, Initial Mandated Lead Arranger and Bookrunner jointly. Additionally, FAB was also the Global Agent, Facility Agent and Investment Agent for this landmark transaction.

The transaction was structured as a dual tranche facility to maximise the liquidity pools from a conventional and Islamic perspective and was 2.5x oversubscribed.

The Green Loan tranche was used to finance/refinance Eligible Green Projects worth USD 1.5 billion in line with MoF Egypt's Green Financing Framework enabling them to achieve its objectives in alignment with the UN SDGs and Egypt's national strategy "Sustainable Development Strategy: Egypt Vision 2030".

We are proud to have bookrun, structured and issued the first Green Bond in the region and have since issued 9 more bonds as of 2021. For more information on our Green Bonds, please refer to our Green Bonds Report.



Our newly launched ESG Strategy unifies our sustainability efforts across FAB. We're increasing our commitment to sustainable finance and disclosure while continuing to deploy our capabilities to reduce our environmental footprint and respond to the evolving needs of the society.

Head of Investment Banking

Bringing finance to debt capital markets

FAB has participated in and led numerous innovative sustainable finance transactions in the debt capital markets. Some of our key achievements in 2021 include:

 SAND HILL PROPERTY COMPANY GCC Real Estate Investor Steep Slope Property LLC USD 160 million Green Term Loan Facility Joint Lead Arranger, Joint Bookrunner & Co-Green Loan Coordinator February 2021	 Apical AAA Oils and Fats USD 750 million Sustainable Linked Term Loan and Revolving Credit Facility Bookrunner, Mandated Lead Arranger & Agent July 2021	 MAJID AL FUTTAIM Majid Al Futtaim USD 1.5 billion Sustainability Linked Loan Facility Joint Bookrunner & Mandated Lead Arranger July 2021	 GIB The Gulf's International Bank Gulf International bank USD 625mn Sustainability Linked Loan Facility Bookrunner, Mandated Lead Arranger & Facility Agent October 2021	 ETIHAD AIRWAYS Etihad Airways USD 1.2 billion Sustainable Linked Loan Facility Joint ESG Structuring Bank, Joint ESG Coordinating Bank, Joint Bookrunner Mandated Lead Arranger & Agent October 2021
 YapiKredi Yapi ve Kredi Bankası A.Ş. USD 360.5 million & EUR 396.5 million Sustainability Linked Multicurrency Term Loan Facility Coordinator, Bookrunner & Mandated Lead Arranger October 2021	 AKBANK Akbank Türk Anonim Şirketi USD 460 million & EUR 206.8 million Sustainability Linked Multicurrency Term Loan Facility Coordinator, Bookrunner & Mandated Lead Arranger October 2021	 DenizBank Denizbank A.Ş. USD 417.5 million & EUR 358 million Sustainability Linked Multicurrency Term Loan Facility Bookrunner & Mandated Lead Arranger October 2021	 VakıfBank Türkiye Vakıflar Bankası T.A.O. USD 296 million & EUR 313.5 million Sustainability Linked Multicurrency Term Loan Facility Coordinator, Bookrunner & Mandated Lead Arranger November 2021	 Ministry of Finance – Egypt USD 3 billion Green Loan and Murabaha Facility Global & Green Loan Coordinator, Initial Mandated Lead Arrangers, Bookrunner, Global, Facility & Investment Agent November 2021
 Garanti BBVA Türkiye Garanti Bankası A.Ş. USD 365 million & EUR 274 million Sustainability Linked Multicurrency Term Loan Facility Coordinator & Senior Mandated Lead Arranger November 2021	 ADITYA BIRLA BIRLA CARBON SKI carbon Black Mauritius USD 750 million Sustainability Linked Term Loan Facility Mandated Lead Arranger December 2021	 Masdar A MUBADALA COMPANY Abu Dhabi Future Energy Company PJSC – MASDAR AED 92.5 million Green Loan Revolving Credit Facility Arranger, Green Coordinator & Agent December 2021	 ETIHAD AIRWAYS Etihad Airways USD 700 million Sustainable Linked Revolving Credit Facility Joint ESG Structuring Bank, ESG Coordinating Bank, Bookrunner, Mandated Lead Arranger & Agent December 2021	



CAPITALISING ON OUR SOCIAL RESPONSIBILITY



Employee wellbeing

Our employees are one of our most valuable assets, and safeguarding their health and well-being is important to FAB.

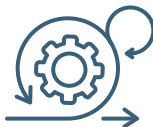
To help our workers maintain their physical, emotional, and financial well-being, we offer a variety of tools and services. In accordance with our Human Resources philosophy and structure, we strive to build a human-centric workplace that is built on four fundamental pillars.



Connectedness



Resilience



Agility



Empathy

Key Highlights:



Our employee absenteeism rate in 2021 was 9.66%, this is a 1.5% decrease compared to the previous year.



As part of FAB 'Cares Programme', we conducted webinars with leading doctors like Dr. Farida Al Hosani and Dr. Adil Sajwani who spoke extensively on the wellbeing, vaccination and other measures that individuals and families can take for their wellbeing and safeguard from COVID.



We held awareness sessions with doctors from Mediclinic on the importance and steps that employees can take for their mental health and wellbeing.



We partnered with ICAS, a leading global provider of wellness services to offer our employees and their families with helpline services which focused on psychological, physical, financial and legal guidance.

Financial inclusion and accessibility

At FAB, we seek to guarantee that people and companies of all backgrounds have access to financial solutions that are both accessible and beneficial. Our goal is to enhance economic health, and boost financial literacy in our communities, especially among financially excluded regions.

This is accomplished through a diverse selection of products and services, an expanding suite of digital solutions, financial literacy events, and banking professionals who speak our clients' native languages.

Case Study – Khalifa Fund



At FAB, we continue to support the Government of Abu Dhabi's Khalifa Fund for Enterprise Development, by providing a 3-5 year secured loan to support the entrepreneurial ventures of small business owners. Through our designated team, FAB currently manages 50% of the Khalifa Fund Portfolio, and plan to increase it's size by 8-10% annually.



Key Highlights:



Ratibi

For low-wage employees who do not have access to a bank account, we provide Ratibi prepaid payroll cards. Our Ratibi users can withdraw cash from ATM networks and use the card as a pre-paid debit card anywhere in the globe. Cardholders are protected for online purchases, and as an extra layer of protection, cardholders receive SMS notifications about their debit and credit activities.

In 2021, we issued 762,000 new Ratibi prepaid payroll cards, bringing the total number of active cards to 1.7 million and total load and reloads to AED 17 billion. Ratibi Cardholders can use the FAB PayIt app to make digital transfers and apply for short-term loans, among other things (Money on Demand).



DWallet

A collaboration between Prepaid Business and the Ministry of Human Resources and Emiratization (MOHRE) resulted in the launch of the DWallet Card, a payroll card created specifically for domestic workers throughout the UAE. DWallet cards will allow domestic employees to have immediate access to their income in a safe and secure way. The solution provides an alternative to cash, allowing domestic employees to bank as well as make electronic payments and remittances. We issued 13,000 cards in 2021 and have partnered with Lulu Exchange to allow sponsors to recharge the cards.



Social aid distribution card

With the establishment of the first digital platform by the Abu Dhabi Social Authority, we were able to expand Social Aid payments to low-income families in the UAE through a prepaid card issued by FAB. FAB has issued over 5,900 cards so far, with a total value of AED 600 million credited to cards as of 2021.

Customer experience

Our clients are at the heart of our business model and the driving force behind our ambition to strengthen our customer experience. Our initiatives that are centered on clients demonstrate our dedication to providing an excellent service. Every interaction with our customer is an opportunity to positively influence their experience at FAB.

Our core value is providing a positive client experience. We put our customers at the heart of everything we do and maximise our resources to provide the best service possible. Customers are equally essential, employees are brand ambassadors, and every connection provides a chance to favorably influence opinions.

Inspiring Our Culture with Customer Service

The Bank established a service culture initiative to assist us in our efforts to improve continuously. The program is intended to assist us in expanding our service skills while also developing a persistent dedication to servicing our clients to the utmost best of our capacity. FAB employees are prepared with FAB's service goals, develop skills, and learn how to generate "FAB Moments" on a daily basis through a variety of activities such as education, communication, and recognition. Everyone's engagement and enthusiasm are required in order to successfully embed a truly customer-first mindset throughout the Group. That is why all staff are included in the excellence program, since whether or not we are in direct contact with customers, we all play an important role in molding the entire experience they have with us.



Providing Clear Communication

The Consumer Banking Group launched a customer communications toolset to improve employee-customer relationships through open and honest communication. Our most recent toolkit not only covers the principles of effective client communication, but also establishes a clear set of standards for setting a consistent tone across all of our operations in accordance with the Bank's Vision.

Responding to Customer Feedback

As part of our commitment to enhancing customer experience, we have created a robust and comprehensive consumer insights program, as well as a strong root cause analysis (RCA) methodology for investigating and resolving customer complaints and issues. Based on the data and insights gained from both programs, a number of improvement efforts are being implemented across the Bank in order to further enhance the experience our clients have with us.

Our clients are at the heart of our business model and the driving force behind our ambition to strengthen our customer experience. Our initiatives that are centered on clients demonstrate our dedication to providing an excellent service.

Diversity and inclusion

We consider that diversity and inclusion serve as a catalyst for creativity and economic stability, fostering healthier workplaces and communities even during times of adversity. We make a conscious effort to establish a workforce that represents the communities in which we operate. We are fostering a safe and inclusive work environment focused on cooperation, trust, and equality.

A diverse and inclusive workforce can help us drive innovation, engage our employees, boost job satisfaction, increase productivity, and produce better FAB outcomes and overall customer experiences. Our diverse staff includes 6,600 employees from 77 different countries, 42 percent of whom are female. We consider all qualified applicants for employment, regardless of gender, age, race, disability, religion, or marital status, as an employer of choice. Our codes and policies, such as our Employee Code of Conduct, Directors Code of Conduct, and other related rules such as our Anti-Bullying and Harassment Policy, are built around diversity and inclusion. We urge all employees, whether they are victims or witnesses, to report acts of discrimination or harassment, and we evaluate all allegations.



Female Workforce	Number	Group	2018	2019	2020	2021
Female	Number	Group	2,097	2,114	2,025	2,132

Female representation in managerial positions	Unit	Scope	2018	2019	2020	2021
Senior management:						
Total employees in senior management positions	Number	Group	40	45	41	38
Female employees in senior management positions	Number	Group	3	2	4	5
Middle management:						
Total employees in middle management positions	Number	Group	3,853	4,135	3,934	4,075
Female employees in middle management positions	Number	Group	1,364	1,476	1,482	1,645

Key Highlights:

- Women represent 42% of our total workforce and held 32% of senior and middle management positions.
- 113 female employees took parental leave and returned to work. We offer 60 paid calendar days and an additional 30 half-paid days' maternity leave for eligible employees, this is greater than the 45 day minimum required by law. Five paid days of paternity leave is also available.



Talent attraction and retention

FAB offers rewarding employment opportunities for young professionals and recent graduates who are interested in advancing their careers with the company. We are utilising every opportunity to attract diverse talent and provide a path for employees to develop the skills needed to advance their role at the company. In 2021 we continued to recruit candidates through external markets, internal talent pool and employee recommendations. We managed to achieve this in a virtual environment while maintaining the health and safety of our staff and new recruits during the pandemic.



New Hires	Unit	Scope	2018	2019	2020	2021
Total New Employee Hires	Number	Group	833	798	322	708



Key Highlights:

- As part of our initiative to streamline our hiring process in 2021, we launched a digital interview platform 'Launchpad' to analyse different career paths for employees.
- Talent Management had a very successful 2021, our robust talent management framework enabled FAB to gather a clear understanding of the bank's talent landscape, identifying high potential talent, our core strengths and our areas of focus for future growth in line with our strategy.
- FAB launched the Talent Hub (FAB's Talent Marketplace), a pivotal platform enabling agile working and accelerating careers paths at FAB.

Learning and development

FAB plays a critical role in building team collaboration, facilitating learning and helping teams stay connected to one another. Our learning and development strategy assists our employees to enhance their talents and realise their potential. In 2021, we continued to support leaders and their teams through accelerated business change and the challenges associated with the pandemic. We ensure that all our employees receive a comprehensive understanding of FAB's operations, including its markets, customers, and initiatives.

Internal subject matter experts and reputable external partners collaborate with FAB to build relevant skill gaps and learning pathways. Business executives are actively engaged in the creation of content and the evaluation of its effect. Our strategy guarantees that the essential behavioral adjustments to enhance performance are adopted.

Total training hours are provided in the table opposite, note that total training in person and virtually were significantly increased in 2021 due to FAB's response to pandemic. Around 86,787 hours of eLearning training was delivered in 2020, which in total adds up to 170,984 hours. The shift to e-learning grew in popularity during the pandemic and has become beneficial to employees training process. As a result, workers spend less time away from work and benefit from a more personalised learning experience.



Training	Unit	Scope	2018	2019	2020	2021
Total training delivered	Hours	Group	103,458	99,588	77,483	170,984
Total training delivered by category:						
Senior management employees	Hours	Group	263	1,028	6,471	6,643
Middle management employees	Hours	Group	76,040	83,586	36,540	133,403
Non-management employees	Hours	Group	27,155	14,975	34,472	30,938
Total training delivered by gender:						
Male employees	Hours	Group	51,911	50,071	41,893	93,109
Female employees	Hours	Group	51,547	49,517	30,656	77,875
Average training per employee	Hours	Group	1.60	18.27	11.4	21.34
Number of attendees who completed at least one e-learning course	Number	Group	3,714	4,858	7,266	7,249
Number of e-learning training hours delivered	Hours	Group	33,766.00	26,182.67	40,988	86,787
Amount invested in training	AED Million	UAE	33.60**	35.80	25.25	31.09
Amount invested in training	AED Million	Group	35.80	40.50	26.97	32.70

Key Highlights:

- In 2021, we implemented a variety of learning and development initiatives; here are some highlights:
- **Launch of Consumer Protection learning modules:** Customised sessions on Fraud Awareness were conducted for the Consumer Banking Group and Collections customer facing teams. In addition, two eLearning modules were launched. One for a bank-wide audience covering the fundamentals of the regulation and standards and a deep dive role specific module for consumer facing roles.
- **ESG Awareness initiatives:** A bank-wide module on ESG fundamentals was launched followed by customised deep dive ESG sessions for teams to drive and support FAB's roadmap in the ESG space.

Socially Responsible Procurement

We strive to include socially responsible suppliers within our supply chain through corporate procurement procedures. FAB places a high significance on the establishment of long-term partnerships with our suppliers to create shared values for both parties. Our Corporate procurement uses the principle of sustainability and social responsibility to establish long-term partnerships with our suppliers based on mutual trust.

Modern Slavery Act

Our Group Modern Slavery Policy, which was formed in 2020, defines our position on modern slavery and human trafficking and is relevant to FAB Group's foreign activities. Apart from meeting the legal obligations imposed by existing modern slavery laws, it also supports the UN Sustainable Development Goals (SDGs) and minimises our risk exposure.

In order for new suppliers to enter the supply chain, FAB's Group Procurement evaluates them before business is awarded. Our onboarding process starts with the evaluation of prospective suppliers, which is accomplished through the use of our online vendor registration system. Supplier Onboarding Terms & Conditions must be reviewed and accepted by any supplier before they can proceed with the online registration process. Suppliers must also adhere to the FAB Supplier Code of Conduct, which is necessary for any new vendor onboarding.

While we believe that the risk of modern slavery in our direct business is minimal, we realise that our supply chain extends into industries and marketplaces where human rights breaches are still prevalent and must be taken into consideration.



Procurement	Unit	Scope	2018	2019	2020	2021
Total number of suppliers engaged	Number	Group	1,521	2,300	2,293	1,997
Total number of local suppliers engaged	Number	UAE	1,178	1,470	1,507	1,262
Total procurement spending	Billion AED	Group	3.00	3.05	2.94	3.52
Procurement spending on local suppliers	Billion AED	UAE	2.49	2.09	2.51	2.91
Percentage of spending on local suppliers	%	Group	83	69	85	83



Key Highlights:

- In 2021, we implemented a new ESG risk assessment framework, which includes a detailed supplier assessment.
- We plan to roll-out extensive training and awareness programmes across the Group in 2021-2022 to increase employee awareness towards the risks of Modern Slavery.
- We started to include material surrounding Modern Slavery and Human Trafficking along with other broader Environmental, Social and Governance ESG topics and issues in the risk awareness material that we provide to our Board on a quarterly basis.
- We plan to roll-out a Group wide ESG training module in 2021-2022, which will include material on modern slavery, human rights and case studies to raise the employee's awareness on potential risks.

Emiratization

As part of the UAE Government's efforts to increase awareness and encourage further localisation in the financial services sector, FAB continues to implement an active and dynamic Emiratization strategy. FAB seeks to unlock the potential of UAE Nationals to enable them to become a driving force for our bank's growth. We are committed to cultivating Emirati talent by providing rewarding career opportunities to graduates up to all senior roles.

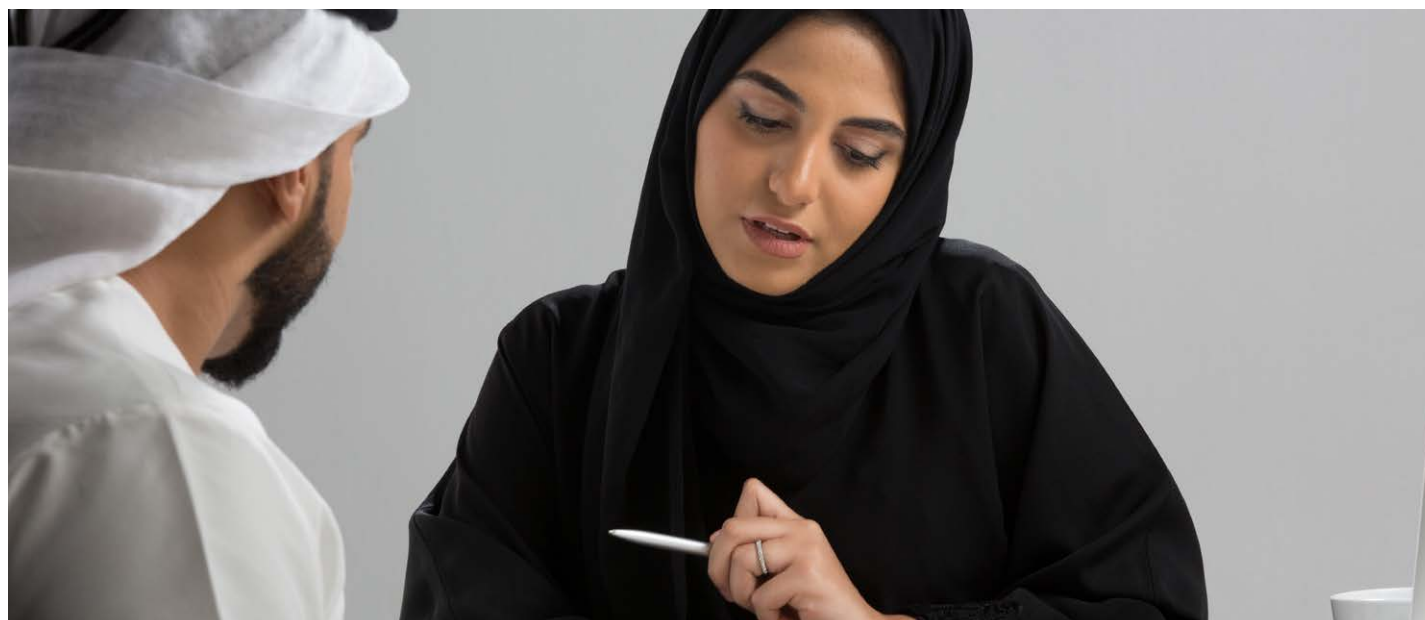
A key initiative implemented was the HID (High in Demand) programme, which targets mid-senior Emirati candidates for top positions at the Bank. With the help of FAB's extensive community network and professional ties, we identified exceptional Emirati talent from outside the banking world who, regardless of whether or not there was a vacancy at the time, would be a good match for the Bank. Following a thorough screening process, the HR team finds potential career options for the candidates who had been shortlisted. In 2021, the total number of national employees increased by 12.4% relative to 2020.



Emiratization	Unit	Scope	2018	2019	2020	2021
Nationalisation of senior management	%	UAE	8	17	24	24.3
Nationalisation among total workforce	%	UAE	33	33	37	42.2
Total number of national employees	Number	UAE	1,370	1,298	1,339	1,505
Number of female national employees	Number	UAE	1,038	999	1031	1152

Key Highlights:

- The Bankers Programme:**
 A programme where the selected individuals go through a 6 months journey over three key stages covering qualification study and assessments, on job training and group projects.
- Nujoom Development Programme:** Designed for high potential graduates in the banking field to go through a 12 months career development programme to prepare for future leader roles and up skill their capability.



Community investment and socio-economic development

FAB recognises its role in contributing to the sustainable development of the community and its people. Throughout the year we have continued to work closely with our community partners to support local initiatives. We provide volunteering opportunities for our employees to have an impact on our community's prosperity and long-term development.

We encourage our staff to go above and beyond their job responsibilities by taking advantage of chances to engage in volunteer activities. Unfortunately, as a result of the COVID-19 pandemic, volunteering opportunities were severely curtailed due to government limitations and safety regulations. Our approach to community investment involves collaborating with a variety of 'not for profit' organisations to assist and solve the critical social, economic, and environmental concerns of our communities. In 2021 our donations and sponsorships exceeded AED 61.18 million. More information on the various initiatives and programmes can be found on our website.



Key Highlights:

- **CSR Webinar**

FAB conducted its first ever CSR webinar to promote the culture of volunteering and discuss programs available for FAB employees with Emirates foundation.

**Total number of webinar attendees: 534
FAB employees**

- **Partnership with Emirates Foundation**

FAB provided AED 1 million to the Emirates Foundation, the national foundation of the UAE established to facilitate public-private partnerships for empowering youth and social responsibility programmes. The fund was used to provide food boxes to people in need during the Holy Month of Ramadan. Food boxes were distributed to low-income households and quarantined communities, including the elderly.

Total number of meals donated: 20,000 meals

- **Reading Initiative**

In line with the Ministry's vision to encourage reading, FAB supported initiatives aimed at raising awareness and encouraging individuals and families to adopt this habit. FAB discussed the importance of reading and encouraged all FAB employees to read with their families and make reading a daily habit. Staff were encouraged to donate books through Kinokuniya's online bookstore and the donated books were distributed to families in need by Emirates Red Crescent.

**Total number of books collected: More than
150 Books**

- **FAB Scholars Programme**

FAB provided AED 3 million for 30 scholarships to be awarded to Emirati students to study in their Bachelor of Laws LLB programme at the Paris II University of Law for the calendar year of 2021/2. FAB enabled the best and brightest young minds of the UAE to become future judges and lawyers in the courts, which is in line with the strategic goals of the UAE.

**Total number of scholarships: 30 scholarships for
Emirati law students**

- **The FAB Cycling Club**

The FAB Cycling Club was established in April 2021 with the goal of pushing the narrative of "Grow Stronger" to the cycling community across the UAE and promoting sports to the youth through an incentive scheme inline with the "Challenger Mindset". Every kilometer cycled during Ramadan counted, and the total KMs were converted into a monetary donation to purchase household supplies that meet the basic needs of less fortunate families through the Emirates Red Crescent.

- **Environmental Marine Awareness**

FAB offered its employees an opportunity to become certified divers by getting professional PADI certification through trainings, in order to become active members of the ocean clean-up trips with the NGO. Twelve trips were planned to help to clean up the UAE's oceans, where FAB staff were able to participate in three of them.

**Total waste collected: More than 120 kg of
plastic, waste and fishing nets cleaned from the
Arabian Sea**



Customer privacy and data security



Our approaches to data privacy and security are underpinned by a comprehensive governance process. We have a robust data protection procedure in place to ensure that data is protected during its full life cycle. The Group Security Office (GSO) of FAB is responsible for overseeing the company's data privacy and security program, which includes employee training and awareness. All associated policies and procedures are reviewed and approved by our executive team and GSO on a regular basis. Data security procedures for essential data are monitored and reviewed by our Executive Vice President, Chief Information Security Officer and Head of Business Continuity Management. FAB's information cyber security, as well as regulatory requirements and security efforts, are addressed and evaluated by our Committees on a monthly basis, as well as by the Board Risk Committee (BRCC) on a quarterly basis.

In accordance with the Bank's business application criticality framework, our dedicated Cybersecurity Team keeps track of the data security controls. The Group Technology Risk and Information Security Committee (GTRIS), which is comprised of senior management from FAB, fully supports and funds the implementation of high-quality data security procedures across the bank.

As a result, we are able to offer our clients with a safe and secure banking experience while also protecting their sensitive information. In accordance with leading cybersecurity standards such as ISO27001, PCI DSS, SOC2, and regulations such as NESa, HKMA, and MAS, our information security policies and procedures are linked with leading cybersecurity standards. As an additional measure, we have established a comprehensive Technology Risk Management (TRM) practice that is aligned with our Enterprise Risk Management strategy (ERM). Using our TRM methodology, we can identify the most important security control goals that will assist us in evaluating the sufficiency of data security controls from perspective of both control design and control operation for all technology implementations at FAB.

Our Technology Risk Assessment library has a collection of risk and control goals that are used at all levels of the data lifecycle. Every piece of technology that is deployed at FAB is subjected to a thorough Risk Assessment to guarantee that data security safeguards are implemented at all tiers.



2021 ESG DISCLOSURES DATA TABLES



DATA PERFORMANCE TABLES

HUMAN RESOURCES

Absenteeism	Unit	Scope	2018	2019	2020	2021
Employee absentee rate*	%	UAE	7.90	13.40	11.16	9.66

* The year 2018 was the year of integration and employees could not utilise their entire leave entitlements due to work requirements. The leave carry forward policy was relaxed as an exception and 2018's leaves were carried forward and utilised in 2019, thus causing an increase in absenteeism.

Code of Conduct	Unit	Scope	2018	2019	2020	2021
Breaches of code of conduct	Number	UAE	165	126	151	144

Grievances	Unit	Scope	2018	2019	2020	2021
Number of grievances filed in the reporting period	Number	UAE	24	63	23	15
% of these grievance addressed or resolved	%	UAE	100%	100%	100%	100%
Number of grievances filed prior to the reporting period that were resolved during the reporting period	Number	UAE	0	0	0	0

Parental Leave	Unit	Scope	2018	2019	2020	2021
Number of female employees that took parental leave	Number	UAE	98	146	117	113
% of female employees who returned to work after maternity leave	%	UAE	100%	100%	100%	100%
Number of female employees returned from parental leave who were still employed twelve months after return to work (retention)	Number	UAE	97	135	117	113
Return to work rate (%)	%	UAE	100	100	100%	100%
Retention rate (%)	%	UAE	63	92	100%	100%

Emiratization	Unit	Scope	2018	2019	2020	2021
Nationalisation of senior management	%	UAE	8	17	24	24.3
Nationalisation among total workforce	%	UAE	33	33	37	42.2
Total number of national employees	Number	UAE	1,370	1,298	1,339	1,505
Number of female national employees	Number	UAE	1,038	999	1031	1152

Workforce Overview	Unit	Scope	2018	2019	2020	2021
Total workforce (excluding trainees, students and outsourced staff)	Number	Group	5,433	5,451	5,054	5,078*
Full-time employees	Number	Group	4,520	5,438	5,032	5,064
Part-time employees	Number	Group	13	13	22	14

* This figure excludes full-time employees of Bank Audi Egypt. Our total workforce including 1522 employees in Bank Audi post acquisition in Dec 2021 is 6600. For further details, please refer to our 2021 Annual Report

Workforce by contract type:

Employees on an indefinite or permanent contract	Number	Group	5,429	5,444	5,036	5,058
Employees on a fixed term or temporary contract	Number	Group	4	7	18	20

Workforce by job category:

Senior management employees	Number	Group	40	45	41	38
Middle management employees	Number	Group	3,853	4,135	3,934	4,075
Non-management employees	Number	Group	1,540	1,271	1,079	965

Workforce by age:

Employees age 18-30	Number	Group	766	813	678	788
Employees age 31-50	Number	Group	4,187	4,170	3,839	3,785
Employees age +51	Number	Group	480	468	537	505

DATA PERFORMANCE TABLES

HUMAN RESOURCES continued

Workforce Overview	Unit	Scope	2018	2019	2020	2021
Workforce by gender:						
Male	Number	Group	3,336	3,337	3,029	2,946*
Female	Number	Group	2,097	2,114	2,025	2,132*
Trainees and sponsored students	Number	Group	0	0	0	0
Number of nationalities	Number	Group	82	85	81	77

*The workforce breakdown by gender does not include the recent merger in Egypt.

Female representation in managerial positions	Unit	Scope	2018	2019	2020	2021
Senior management:						
Total employees in senior management positions	Number	Group	40	45	41	38
Female employees in senior management positions	Number	Group	3	2	4	5
Middle management:						
Total employees in middle management positions	Number	Group	3,853	4,135	3,934	4,075
Female employees in middle management positions	Number	Group	1,364	1,476	1,482	1,645

Talent Management and Employee Wellness	Unit	Scope	2018	2019	2020	2021
Employee salaries and benefits:						
UAE	AED Million	UAE	2,693*	2,697	2,273	1,696
Global	AED Million	Group	3,156	3,205	2,780	2,093

* Restated due to human error.

Training	Unit	Scope	2018	2019	2020	2021
Total training delivered	Hours	Group	103,458	99,588	77,483	170,984
Total training delivered by category:						
Senior management employees	Hours	Group	263	1,028	6,471	6,643
Middle management employees	Hours	Group	76,040	83,586	36,540	133,403
Non-management employees	Hours	Group	27,155	14,975	34,472	30,938
Total training delivered by gender:						
Male employees	Hours	Group	51,911	50,071	41,893	93,109
Female employees	Hours	Group	51,547	49,517	30,656	77,875

DATA PERFORMANCE TABLES

HUMAN RESOURCES continued

Training	Unit	Scope	2018	2019	2020	2021
Average training per employee	Hours	Group	1.60	18.27	11.4	21.34
Number of attendees who completed at least one e-learning course	Number	Group	3,714	4,858	7,266	7,249
Number of e-learning training hours delivered	Hours	Group	33,766	26,182	40,988	86,787
Amount invested in training	AED Million	UAE	33.60*	35.80	25.25	31.09
Amount invested in training	AED Million	Group	35.80	40.50	26.97	32.70

Training is for all staff categories including outsourced.

*Restated due to enhanced calculation methodology

Turnover	Unit	Scope	2018	2019	2020	2021
Total employee turnover (voluntary)	%	Group	10.03	9.90	6	9.1

New Hires	Unit	Scope	2018	2019	2020	2021
Total New Employee Hires	Number	Group	833	798	322	708

Employee Engagement	Unit	Scope	2018	2019	2020	2021
Employee Engagement %	%	UAE	70	NA*	41	43

*Employee engagement survey was not conducted in 2019 due to a change in strategy from an engagement perspective to a culture oriented perspective. In 2020, FAB is planning to have a real time culture survey to understand the pulse of the organisation and implement changes on an ongoing basis.

PROCUREMENT

Procurement	Unit	Scope	2018	2019	2020	2021
Total number of suppliers engaged	Number	Group	1,521	2,300	2,293	1,997
Total number of local suppliers engaged	Number	UAE	1,178	1,470	1,507	1,262
Total procurement spending	Billion AED	Group	3.00	3.05	2.94	3.52
Procurement spending on local suppliers	Billion AED	UAE	2.49	2.09	2.51	2.91
Percentage of spending on local suppliers	%	Group	83	69	85	83

POSITIVE SOCIAL IMPACT

Community Investment	Unit	Scope	2018	2019	2020	2021
Total Community Investment	AED Million	UAE	63.70*	76.60	65.75	59.07
% of annual pre-tax profits in AED donated to community organisations	%	UAE	0.60*	0.73	0.68	0.45
Total Community Investment	AED Million	Group	66.70	80.20	69.32	61.18
% of annual pre-tax profits in AED donated to community organisations	%	Group	0.54	0.62	0.64	0.46

* Restated, as we have reclassified particular sponsorships.

Volunteering	Unit	Scope	2018	2019	2020	2021
Total number of employee volunteering hours	Hours	Group	1,235	5,416	NA*	230
Total number of FAB volunteers	Number	Group	99	464	NA*	240

*Note that due to Covid-19, opportunities for volunteering were limited due to restrictions and safety requirements.

DATA PERFORMANCE TABLES

Governance, Compliance and Risk

Board of Directors	Unit	Scope	2018	2019	2020	2021
Number of members	Number	Group	9	9	11	11
Number of independent members*	Number	Group	At least 2 members met the independence criteria	7 members met the independence criteria	9 members met the independence criteria	9 members met the independence criteria
Executive members of the Board of Directors	%	Group	0	0	0	0
Non-executive members of the Board of Directors	%	Group	100	100	100	100
% of female members	%	Group	0	0	0	0
Directors Code of Conduct	-	Group	Yes	Yes	Yes	Yes
Board oversight of sustainability	-	Group	Yes	Yes	Yes	Yes

* An independent director is one who, apart from receiving director's remuneration, does not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in the opinion of the board would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In other words, an independent director has no material relationship with the company, either directly (as an employee) or as a partner, shareholder or officer of an organisation that has a relationship with the company.

Compliance	Unit	Scope	2018	2019	2020	2021
Percentage of employees who completed FAB's compliance-related training	%	Group	94	96	99	99
Total incidents of non-compliance with laws and regulations	Number	Group	NIL*	NIL*	NIL*	NIL*

Please note that the prior reporting (2017-2019) do not discriminate between regulatory breaches and regulatory issues

Note: This data has been restated due as a reporting error was identified (prior reporting did not discriminate between regulatory issues/investigations and regulatory breaches)

**International 26

Data Security Breaches	Unit	Scope	2018	2019	2020	2021
Number of data security breaches	Number	Group	Null	Null	Null	Null
Number of data security breaches involving customers' personally identifiable information	Number	Group	Null	Null	Null	Null
Percentage of data security breaches involving customers' personally identifiable information	Number	Group	Null	Null	Null	Null
Number of account holders impacted	Number	Group	Null	Null	Null	Null
Percentage of employees who completed FAB's privacy and security training	%	Group	100	100	100	100

Combating Financial Crime	Unit	Scope	2018	2019	2020	2021
Amount of fraudulent transaction activity (total value of account holder transactions refunded to account holders due to fraud)	Number	Group	484,146.00	68,442	35,579,179*	27,372,833
Percentage of employees who completed AML e-learning programme	%	Group	19	30	99.7	99.9
Percentage of activity from card-not-present fraud	%	Group	81	70	97.17	96.02%

*Increase due to rise in number of card transactions online during the COVID-19 pandemic

DATA PERFORMANCE TABLES

ENVIRONMENTAL PERFORMANCE

Energy	Unit	Scope	2018	2019	2020	2021
Total petrol consumption	Litres	Group	335,793	287,476	55,107	53,879
Total diesel consumption	Litres	Group	9,940	9,836	13,063*	16,701
Total electricity consumption	kWh	Group	85,436,924	65,117,298	65,200,869	64,378,09
Refrigerants	Kg	Group	3,245	4,576	3,137*	1,349
Total energy consumption from electricity	GJ	Group	307,573	234,422	234,723	231,762

*2020 value restated due to enhanced calculation methodology

GHG Emissions	Unit	Scope	2018	2019	2020	2021
Scope 1	tCO2e	Group	7,399	9,092	631*	2,618
Scope 2	tCO2e	Group	38,835	28,538	28,797	28,433
Scope 3	tCO2e	Group	6,892	7,601	3,515	4,827

*2020 value restated due to enhanced calculation methodology

CO2 Emissions	Unit	Scope	2018	2019	2020	2021
Direct CO2 from diesel	Tonnes	Group	26	26	33	42
Direct CO2 from gasoline	Tonnes	Group	740	635	120	118
Direct CO2 from natural gas	Tonnes	Group	326	250	72	85
Direct CO2 from refrigerants	Tonnes	Group	6734	8,181	444	2,372*
Indirect CO2 from electricity	Tonnes	Group	38835	28538	28,796	28,433
Indirect CO2 from water	Tonnes	Group	2983	2613	2388	2819
Indirect CO2 from waste	Tonnes	Group	126	118	389	1,333**
Indirect CO2 from sewage waste	Tonnes	Group	6.6	6.8	1.9	2.2
Indirect CO2 from paper recycled	Tonnes	Group	2	2	0.7	0.7
Indirect CO2 from paper purchased	Tonnes	Group	234	234	91	95
Indirect CO2 from business flights	Tonnes	Group	3,538	4,627	644	575

*Increased usage as we resumed work from offices post 2020 COVID-19 restrictions.

Waste generation has increased in 2021 due to additional cleaning and sanitisation activities that were undertaken throughout the year as employees returned to office. These include frequent office fumigation, deep cleaning, sanitisation, etc.

ENVIRONMENTAL PERFORMANCE

Materials Consumption and Waste	Unit	Scope	2018	2019	2020	2021
Total paper consumption	Kg	Group	244,880	245,473	98,625	103,416
Total paper recycled	Kg	Group	114,616	75,056	33,628	30
Waste to Landfill	Kg	Group	1,271,300	1,189,477	850,390	2,854,568

Water Consumption	Unit	Scope	2018	2019	2020	2021
Total water consumption	kL	Group	335,971	205,133	187,454	221,329

FINANCIAL PERFORMANCE

Bank Transactions by Mode	Unit	Scope	2018	2019	2020	2021
Total Transactions	Million transaction	UAE	30	43.80	50.11	52.33
Number of online/mobile transactions	Million transaction	UAE	4.44	6.55	8.93	12.3
Number of branch transactions	Transactions	UAE	193,624	143,330	87,976	68,316

Customers and Loan Portfolio	Unit	Scope	2018	2019	2020	2021
Total number of retail banking customers	Million customer	Group	2.50	3.00	3.00	3.2

Monetary value of products and services designed to deliver a specific social benefit	Unit	Scope	2018	2019	2020	2021
Revenue (Khalifa Fund)	Million AED	UAE	0.54	0.76	0.82	1.01
Total Portfolio (Khalifa Fund)	Million AED	UAE	65.72	160.03	146.48	123.30

DATA PERFORMANCE TABLES

FINANCIAL PERFORMANCE continued

Financial Literacy and Inclusion	Unit	Scope	2018	2019	2020	2021
Payit wallet for Ratibi cardholder	Number	UAE	NA*	7,500	45,000	91,000
Percentage of new accounts held by first-time account holders	%	UAE	NA*	3.50	3.60	4.28
Percentage of new accounts held by first-time credit card holders	%	UAE	NA*	8.30	9.10	10.21
Loan-to-deposit ratio for overall domestic lending	%	UAE	86.50	76.00	90.10	NA*
Loan default rates for overall domestic lending	%	UAE	6.30	6.20	6.70	6.40
Number of branches in low populated and economically disadvantaged areas**	Number	UAE	11	11	10	11
Number of ATMS in low populated and economically disadvantaged areas**	Number	UAE	20	21	26	29
Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers.	Number	UAE	NA*	NA*	NA*	NA*
* Data not available						
** Areas include: Dibba, Ghayathi, Hayer, Hisn, Liwa, Madam, Mirfaa, Ruwais, Qidfaa, Silaa, Sweihan, Wagan, Yahar						

Indicator	Unit	2019	2020	2021
Total Assets	AED Billion	822	919	1000
Loans and Advances	AED Billion	408	387	410
Customer Deposits	AED Billion	519	541	614
Market Capitalisation	AED Billion	166	141	206
Revenue	AED Billion	20.20	18.6	21.7
Net Profit	AED Billion	12.50	10.6	12.5

Revenues by Business Segment:	Unit	2019	2020	2021
Investment Banking (IB)	%	NA	40	57
Corporate & Commercial Banking (CCB)		NA	21	16
Consumer Banking (CB)	%	NA	28	22
Head office	%	NA	6	1
Global Private Banking (GPB)	%	NA	5	4

Revenues by Geography:	Unit	2019	2020	2021
UAE	%	86	84	82.5
Asia Pacific	%	3	3.2	2.5
Europe, Americas, Middle East & Africa (EAMEA)	%	11	13	15

Robust Financial Metrics	2018	2019	2020	2021
Return on Tangible Equity	16.20%	16.10%	13.0%	15.1%
NPL ratio	3.10%	3.20%	4.0%	4.0%
Liquidity Coverage Ratio (LCR)	118%	129%	143.0%	134.0%
Cost-income ratio (excl. integration cost)	25.80%	26.80%	27.0%	26.4%
Provision Coverage	110%	93%	95.0%	98.0%
Basel III CET1	12.40%	13.50%	13.3%	12.4%

Credit Ratings	2018	2019	2020	2021
Moody's	Aa3	Aa3	Aa3	Aa3
S&P	AA-	AA-	AA-	AA-
FITCH	AA-	AA-	AA-	AA-

GRI INDEX TABLE

GRI 102: General Disclosures (As applicable for In Accordance: Core Option)

GRI 102: General Disclosures 2016	Organisational profile	
	102-1 Name of the organisation	First Abu Dhabi Bank
	102-2 Activities, brands, products, and services	Our services are split across two key business segments: 1. Corporate and Investment Banking. 2. Retail Banking
	102-3 Location of headquarters	Abu Dhabi, UAE
	102-4 Location of operations	Europe, Americas, Middle East and Africa (EAMEA) France, UK, Switzerland, USA, Brazil, UAE, Bahrain, Egypt, Kuwait, Libya, Oman, Saudi Arabia, Sudan Asia Pacific (APAC) China/Hong Kong, India, Indonesia, Labuan (Malaysia), Singapore, South Korea
	102-5 Ownership and legal form	https://www.bankfab.com/en-ae/about-fab/investor-relations/shareholder-information/share-profile
	102-6 Markets served	We have a global presence across five continents, markets served are the same as those listed in 102-4
	102-7 Scale of the organisation	6,600 employees 66 Branches / Cash Offices in UAE (includes 9 Digital branches) 402 ATMs in UAE Over 3 million UAE customers AED 12.5 billion net profit
	102-8 Information on employees and other workers	Refer to section: Data Performance Tables
	102-9 Supply chain	Our procurement activities are centralised through our Group Procurement department, which sets policies and guidelines, handles major purchases, facilitates contracts with suppliers and develops sourcing strategies.
	102-10 Significant changes to the organisation and its supply chain	CoVid-19 Pandemic
	102-11 Precautionary Principle or approach	Refer to sections: Corporate Governance, Ethics and Compliance, Systematic Risk Management
	102-12 External initiatives	Refer to sections: Corporate Governance, Ethics and Compliance, Systematic Risk Management
	102-13 Membership of associations	United Nations Global Compact (UNGC) Principles The UAE Council for Climate Change and Environment The Ministry of Climate Change and Environment's Technical Committee on Green Development and Climate Change Emirates Nature-WWF Net Zero Banking Alliance (NZBA)

GRI INDEX TABLE

GRI 102: General Disclosures (As applicable for In Accordance: Core Option)

GRI 102: General Disclosures 2016	Strategy	
	102-14 Statement from senior decision-maker	Refer to section: CEO statement (Page 1)
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behaviour	Refer to section: Governance, Business Ethics And Compliance (Page 15)
	Governance	
	102-18 Governance structure	Refer to section: How Sustainability is Governed at FAB (Page 14)
	Stakeholder engagement	
	102-40 List of stakeholder groups	Customers Employees Shareholders and Investors Suppliers Government and Regulators Local Community
	102-41 Collective bargaining agreements	Our systems do not track these percentages on a group level. No collective bargaining agreements as per prevalent laws in UAE.
	102-42 Identifying and selecting stakeholders	Refer to section: Materiality assessment (Page 13)
	102-43 Approach to stakeholder engagement	Our approach involves continuous engagement through multiple communication channels including interviews, surveys and workshops with stakeholder groups to identify what is important to them.
	102-44 Key topics and concerns raised	Refer to section: Materiality Assessment (Page 13)

GRI INDEX TABLE

GRI 102: General Disclosures (As applicable for In Accordance: Core Option)

GRI 102: General Disclosures 2016	Reporting practice	
	102-45 Entities included in the consolidated financial statements	Financial statements include the activities of FAB No other entity is included.
	102-46 Defining report content and topic Boundaries	Refer to section: Materiality Assessment (Page 13)
	102-47 List of material topics	Refer to section: Materiality Assessment (Page 12)
	102-48 Restatements of information	Any restatements of information are stated throughout this report.
	102-49 Changes in reporting	As part of FAB's newly launched ESG strategy and the materiality assessment conducted in 2020, the 19 material topics were categorised and ranked according to the KPIs and ambitions that were set for the ESG strategy targets.
	102-50 Reporting period	2021
	102-51 Date of most recent report	2020 ESG Report
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	CorporateSustainability@bankfab.com
	102-54 Claims of reporting in accordance with the GRI Standards	Refer to section: Report Overview (Page 7)
	102-55 GRI content index	Refer to section: GRI Content Table (Appendix Page 49)
	102-56 External Assurance	FAB does not seek external assurance for its sustainability report. GHG emissions calculations are externally assured for the entire group separate from the sustainability reporting process.

Material Topics

Financial Performance

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Refer to section: Financial Performance (Page 4)
	103-2 The management approach and its components	Refer to section: Financial Performance / Systemic Risk Management (Page 4 & 21)
	103-3 Evaluation of the management approach	Refer to section: Financial Performance / Systemic Risk Management (Page 4 & 21)
	201-1 Direct Economic Value generated and distributed	Refer to section: Financial Performance (Page 4)
	201-2 Financial implications and other risks and opportunities due to climate action	Refer to section: Systemic Risk Management (Page 21)
	201-4 Financial assistance received from government	No financial assistance is given by the government.

Responsible lending and investing

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Refer to section: Financial inclusion and accessibility (Page 33)
	103-2 The management approach and its components	Refer to section: Financial inclusion and accessibility (Page 33)
	103-3 Evaluation of the management approach	Refer to section: Financial inclusion and accessibility (Page 33)

GRI INDEX TABLE

Material Topics		
Financial Performance		
GRI 203: Indirect Economic Impacts	203-2 Significant indirect economic impacts	Refer to section: Financial inclusion and accessibility (Page 33) Refer to section: Responsible lending and investing (Page 28) Refer to section: Community Investment and Socio-economic development (Page 40)
Employee Wellbeing		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Refer to section: Employee Wellbeing (Page 32)
	103-2 The management approach and its components	Refer to section: Employee Wellbeing (Page 32)
	103-3 Evaluation of the management approach	Refer to section: Employee Wellbeing (Page 32)
GRI 403: Occupational Health and Safety	403-6 Promotion of worker health	Refer to section: Employee Wellbeing (Page 32)

SASB INDEX TABLE

Sustainability Accounting Metrics				
Industry	Accounting Metric	Category	Code	Response
Topic: Data Security				
CB	((1) Number of data breaches, (2) Percentage involving personally identifiable information (PII), 3) Number of account holders affected	Quantitative	FN-CB-230a.1	Nil, no data breaches
CB	Description of approach to identifying and addressing data security risks	Discussion and Analysis	FN-CB-230a.2	Refer to section: Customer privacy and data security (Page 36)
Topic: Financial Inclusion and Capacity Building				
CB	(1) Number and (2) amount of loans outstanding qualified to programmes designed to promote small business and community development	Quantitative	FN-CB-240a.1	Khalifa Fund – Support the Government of Abu Dhabi's Khalifa Fund for Enterprise Development, by providing a 3-5 year secured loan to entrepreneurial ventures of small business owners. FAB currently manages 50% of the Khalifa Fund Portfolio, and plan to increase it's size by 8-10% annually. National Housing Loan (NHL) – Financing proposition to support contractors who would be awarded contracts for nationwide NHL programme.
CB	(1) Number of past due and nonaccrual loans qualified to programmes designed to promote small business and community development. (2) Amount of past due and nonaccrual loans qualified to programmes designed to promote small business and community development	Quantitative	FN-CB-240a.2	National Housing Loan - TBA Khalifa Fund - TBA
CB	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	FN-CB-240a.3	Ratibi prepaid payroll cards for Low-Wage Employees 762,000 new Ratibi prepaid payroll cards, Total number of active cards: 1.7 million Total load and reloads: AED 17 billion Social aid distribution card prepaid cards to low-income families. Issued over 5,900 cards Total value of AED 600 million credited to cards as of 2021. DWallet payroll card for domestic workers throughout the UAE. Issued 13,000 cards in 2021. Partnered with Lulu Exchange to allow sponsors to recharge the cards.
CB	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	FN-CB-240a.4	No data – financial literacy education has not been a priority in 2021 due to the pandemic
Topic: Incorporation of Environmental, Social, and Governance Factors in Credit Analysis				
CB	Commercial and industrial credit exposure, by industry	Quantitative	FN-CB-410a.1	Refer to our Financial Statements Summary for 2021.
CB	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis, in investment banking and brokerage activities and in wealth management processes and strategies	Discussion and Analysis	FN-CB-410a.2	Refer to our Sustainable Finance Report. Sustainable Finance & Reports First Abu Dhabi Bank (FAB) - UAE (bankfab.com)
Topic: Business Ethics				
CB	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	FN-CB-510a.1	In 2021 we have not sustained monetary losses due to a judgment finding us guilty in relation to any of the breaches mentioned in FN-CB-510a.1
CB	Description of whistleblower policies and procedures	Discussion and Analysis	FN-CB-510a.2	Refer to section: Governance, Whistleblowing Policies (Page 16)
Topic: Systemic Risk Management				
CB	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	FN-CB-550a.1	FAB is designated as a D-SIB by CBUAE. We don't receive any G-SIB score though, and we don't report any data on G-SIB calculation.
CB	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	FN-CB-550a.2 FN-IB-550a.2	Refer to section: Systematic Risk Management (Page 21)
Activity Metrics:				
CB	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	FN-CB-000.A	The current NHL portfolio stands at ~AED 38.8 billion (Q4 2021) with an average monthly disbursement of ~590 million.
CB	((1) Number and (2) value of loans by segment: a) personal, (b) small business, and (c) corporate	Quantitative	FN-CB-000.B	Corporate Etihad Airways - loan worth USD 1.2 billion given to Etihad Airways.

INDEPENDENT LIMITED ASSURANCE REPORT

Independent Limited Assurance report to First Abu Dhabi Bank

We have been engaged by the management of First Abu Dhabi Bank ("FAB") to provide limited assurance in respect of the Assured ESG Parameters as identified below for the year ended 31 December 2021. The Assured

Limited Assurance ESG Parameters	ESG Report Page
Scope 1 Emissions for the UAE operations	26
Scope 2 Emissions for the UAE operations	26
Scope 3 Emissions for the UAE operations	26

Our conclusion:

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and the evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Limited Assurance ESG Parameters, as defined above, for the year ended 31 December 2021, have not in all material respects, been prepared in accordance with the Global Reporting Initiative (GRI) 2016 standards Core, Sustainability Accounting

ESG Parameters and explanatory notes on pages 26-27 are included in FAB's ESG Report for the year ended 31 December 2021 (the "ESG Report").

The Limited Assurance ESG Parameters covered by our limited assurance engagement are:

Standards Board (SASB) Index: Commercial Banks and explanatory notes on pages 26-27 of the ESG Report.

Management's responsibility

Management are responsible for the preparation of the Limited Assurance ESG Parameters in accordance with the Global Reporting Initiative (GRI) 2016 standards Core, Sustainability Accounting Standards Board (SASB) Index: Commercial Banks and explanatory notes on pages 26-27 of the ESG Report.

These responsibilities includes establishing such internal controls as management determines are necessary to enable the preparation of the Limited Assurance

ESG Parameters that are free from material misstatement whether due to fraud or error and selecting Global Reporting Initiative (GRI) 2016 standards Core, Sustainability Accounting Standards Board (SASB) Index: Commercial Banks and explanatory notes on pages 26-27 as the criteria against which to measure/ evaluate the ESG Parameters.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that FAB complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation of the description and ESG Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the preparation of the Limited Assurance ESG Parameters included in the ESG Report, as defined above.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000) and International Standard on

Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants, (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

ISAE 3000 and ISAE 3410 requires that we plan and perform the engagement to obtain limited assurance about whether the Limited Assurance ESG Parameters are free from material misstatement.

A limited assurance engagement in accordance with IASE 3000 (Revised) and ISAE 3410 involves assessing the risks of material misstatement of the Limited Assurance ESG Parameters, whether due to fraud or error and responding to the assessed risks as necessary in the circumstances

of the engagement. The nature, timing and extent of procedures selected depend on our understanding of the Limited Assurance ESG Parameters and other engagement circumstances, and our consideration of areas where material misstatements of the Limited Assurance ESG Parameters are likely to arise.

In developing our understanding of the Limited Assurance ESG Parameters and other engagement circumstances, we have considered the process used to prepare the Limited Assurance ESG Parameters in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of FAB's internal control over the preparation of the Limited Assurance ESG Parameters.

Our engagement also included: assessing the appropriateness of the Limited Assurance ESG Parameters, the suitability of the criteria used by FAB in preparing the Limited Assured ESG Parameters in the circumstances of the engagement, evaluating the appropriateness of the quantification methods, reporting policies and procedures, and models used in the preparation of the Limited Assurance ESG Parameters and the reasonableness of estimates made by FAB.

Our limited assurance engagement on the Limited Assurance ESG Parameters consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance ESG Parameters, and applying analytical and other procedures, as appropriate. These procedures were based on our professional judgement and included:

- interviews with senior management and relevant staff at corporate and selected site level concerning ESG strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of FAB's processes for determining material issues for FAB's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance ESG Parameters;
- enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance ESG Parameters, including the aggregation of the reported information;
- comparing the Limited Assurance ESG Parameters to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the ESG Report;

- visits to the following sites which were selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria:
- UAE operations
 - reading the Limited Assurance ESG Parameters presented in the ESG Report to determine whether they are in line with our overall knowledge of, and experience with, the ESG performance of FAB;
 - reading the remainder of the ESG Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.
- The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance ESG Parameters.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for FAB for the purpose of assisting management in determining whether FAB's Limited Assurance ESG Parameters are prepared in accordance with Global Reporting Initiative (GRI) 2016 standards Core, Sustainability Accounting Standards Board (SASB) Index: Commercial Banks and explanatory notes on pages 26-27 of the ESG Report and for no other purpose or in any other context.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

KPMG

KPMG Lower Gulf Limited
Abu Dhabi
28 February 2022

Procedures Performed

bankfab.com