

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

Introduction:

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

Merger between National Bank of Abu Dhabi PJSC (“NBAD”) and First Gulf Bank PJSC (“FGB”)

On 7 December 2016, Shareholders of National Bank of Abu Dhabi PJSC (“NBAD”) and First Gulf Bank PJSC (“FGB”) approved the merger of the two banks pursuant to Article 283(1) of UAE Federal Law No. 2 of 2015 Concerning Commercial Companies (the Law). The merger was effected through the issuance of 1.254 new NBAD shares for every 1 share in FGB on close of business 30 March 2017, subsequent to which FGB shares were delisted from Abu Dhabi Securities Exchange. On 25 April 2017, NBAD shareholders approved the proposal to change the name of the combined bank to ‘First Abu Dhabi Bank’ (“FAB”), and has its registered office in Abu Dhabi, United Arab Emirates.

Legal Status and Principal Activities

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

1) Names of Material Entities:

FAB maintains a presence in the U.S. through First Abu Dhabi Bank USA N.V., a wholly owned subsidiary of FAB.

Change of name from NBAD Americas N.V. to First Abu Dhabi Bank USA N.V.

On February 26, 2018, the Parent as sole shareholder of NBAD Americas N.V. approved the name change of its wholly owned subsidiary to First Abu Dhabi Bank USA N.V. (“the Bank”). The merger of the two banks in the UAE did not change the ownership or legal structure of FAB USA N.V. The Bank’s Parent continues to guarantee all liabilities and obligations of the subsidiary.

Legal Status and Principal Activities

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

2) Description of Core Business Lines:

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

The banking business of FAB USA includes the following core business lines

A) Corporate and Consumer Finance

The Bank's credit portfolio includes personal loans, auto loans and residential mortgage loans to companies and individuals, primarily UAE individuals and diplomats. The branch also extends overdraft facilities to corporate customers. Loans and advances of the U.S. branch are limited to a few select number of customers.

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

B) Trade Finance

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

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

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

C) Depository Services

The U.S. branch is not a full service retail bank. It does not have FDIC insurance or solicit deposits from the general public. Depository services include check clearing, check deposits, wire transfer and ACH

payments. Transaction accounts are opened only for customers who have a direct connection with the United Arab Emirates (UAE) or FAB. The U.S. branch issues certificates of deposit purchased by corporate customers of the Bank via an arrangement with Citibank N.A. which allows the branch to issue CD's through the Depository Trust Company account of Citibank.

3) Summary of Financial Information at 31 December, 2017 and Funding Sources:

Following is a summary of financial statements of the U.S. federal branch of First Abu Dhabi Bank USA N.V. (US\$ 000's):

ASSETS:

Cash and noninterest-bearing deposits	\$477
Due From Banks:	
Federal Reserve	8,562,237
Nonaffiliated banks	175
Parent and affiliates	998
Investments	551,293
Loans	26,556
Less Allowance for Loan Loss	(48)
Other Assets	12,752
TOTAL	<u><u>\$9,154,440</u></u>

LIABILITIES:

Deposits:	
Demand	\$135,985
Parent and affiliates	8,679,874
Other time/CD	<u>100,000</u>
Total deposits	\$8,915,859
Other liabilities	<u>31,820</u>
TOTAL LIABILITIES	\$8,947,679.34

SHAREHOLDERS FUNDS:

Capital Stock	\$133,000
Other Comprehensive Income	1,881
Retained Earnings	<u>71,880</u>
TOTAL SHAREHOLDERS FUNDS	\$206,761
TOTAL	<u><u>\$9,154,440</u></u>

The Bank obtains its funding from customer deposits and deposits from its parent, FAB and affiliates. The branch has a very liquid balance sheet as deposits with the Federal Reserve represented 93.5% of the branch's assets as of 31 December, 2017. FAB USA maintains a non-trading investments portfolio of \$551 million, of which \$25 million is held in a collateral account to support the Bank's OCC Capital Equivalency Deposit and \$525 million is held in the Bank's Federal Reserve Bank collateral account to support contingency access to the discount window. Deposits from the parent and affiliates amounted to 97% of total liabilities as of 31 December, 2017. The Bank maintains at all times deposits due to parent and affiliates, including the Curacao parent, in excess of deposits due from parent and affiliates. The Bank is well capitalized with capital of US\$ 206 million and risk assets of US\$ 2.8 million as of 31 December, 2017. FAB has issued a guarantee covering all the liabilities of the Bank, , and has made available to FAB USA a committed deposit line of up to US\$ 1.25 billion.

4) Description of Derivative and Hedging Activities

The Bank uses derivative financial instruments for hedging purposes as part of its asset and liability management strategy by taking offsetting positions in order to reduce its own exposure to fluctuations in interest rates. The Bank's sole use of derivatives is to hedge against the changes in fair value arising from specifically identified fixed rate non-trading investments. As of December 2017, the Bank had \$425 million of interest rate swaps back to back with its Parent to manage its fixed rate non-trading investment portfolio.

5) Memberships in Material Payment, Clearing and Settlement Systems

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

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

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

The Society for Worldwide Interbank Financial Telecommunication, Société Coopérative à Responsabilité Limitée (limited co-operative society) ("SWIFT") is a member-owned co-operative. SWIFT provides a telecommunication platform for the exchange of standardized financial messages between financial institutions and corporations. SWIFT is neither a payment system nor a settlement system though the SWIFT messaging standard is used in many payment and settlement systems.

SWIFT's customers include banks, market infrastructures, broker-dealers, corporates, custodians and investment managers.

6) Description of Foreign Operations

The U.S. branch is a branch of FAB USA, N.V., a bank incorporated in Curacao and which maintains its head office in Curacao. The financial statements of FAB USA N.V., Curacao are on file with the Comptroller. The credit portfolio of the Curacao office, which is involved in the same lines of business as the U.S. branch, is managed by personnel at the U.S. branch. FAB USA N.V. is a wholly owned subsidiary of FAB, which has its head office in Abu Dhabi, United Arab Emirates.

7) Material Supervisory Authorities

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

8) Principal Officers

The Principal Officers of First Abu Dhabi Bank USA:

Country CEO - Husam Arabiat

Country CFO - Pamela Sigda

Managing Director and Head of Client Relationships - William Ghazar

9) Corporate Governance Structure and Processes Related to Resolution Planning

FAB USA is managed by a Board of Supervisory Directors, composed of senior management of FAB and a local resident of Curacao, and a Board of Managing Directors composed of management of the Bank and residents of Curacao.

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

10) Resolution Strategy

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

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

The U.S. branch is very liquid with a strong balance sheet. It had total assets of US\$9 billion as of 31 December, 2017, of which US\$8.56 billion were deposits with the Federal Reserve and only \$26.5 million in loans and advances. The branch maintained non-trading investments of US\$551 million, \$25

million for the Capital Equivalency Deposit, which exceeded 5% of the branch's non-related liabilities as required by U.S. regulations and \$525 million in a collateral account at the Federal Reserve Bank. The Bank maintains collateral at the Federal Reserve Bank for contingency access to the discount window. Total liabilities were US\$8.9 billion, of which US\$8.58 billion were due to parent and affiliates and US\$236 million were customer deposits. The branch had capital of US\$206 million.

FAB USA is a very small part of FAB's larger operations. FAB, as the U.S. branch's top-tier FBO, files an annual FR Y-7Q and FR Y-7 with the Federal Reserve Bank. Per the FR Y-7 filed as of 31 December, 2017, FAB reported total U.S. banking assets of US\$9.1 Billion, which represented 5.2% of FAB's total worldwide banking assets. These U.S. banking assets are primarily overnight deposits which the U.S. branch places in its account with the Federal Reserve Bank. Excluding the U.S. branch's deposits with the Federal Reserve Bank, FAB's U.S. banking assets represented only 0.04% of FAB's total world-wide assets.

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

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

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

If the OCC determines that the Bank is insolvent or revokes the FBO's license to operate the Bank, or the branch is not able to settle payments under any final judgment against the Bank, the Comptroller has authority to appoint a receiver of the Bank.