



Setting the path towards a sustainable future

Barclays ESG Corporate Days, 23 June 2022



We are the UAE's leading bank, and one of the world's largest and safest financial institutions

Largest UAE Bank

2nd Largest in MENA

981 | **267**
AED Bn | USD Bn
Total Assets

Market Heavyweight

Among the top 50 largest banks
Amongst the largest UAE constituents in global EM & ESG equity indices

261 | **71**
AED Bn | USD Bn
Market Cap

Dominant franchise Diversified business model

 
>30% Market Share¹

Generating Superior returns through a Robust foundation

25.0% | **33.3%**
RoTE | CI ratio²
13.0% | **120%**
CET1 | LCR

Strongest Combined Credit Rating in MENA

 **AA-** Credit Rating
Moody's / S&P / Fitch

ESG Leader

 **AA** MSCI ESG Rating

Only Regional Bank To Rank Within

 **Top 5**
in all major MENA IB league tables in Q1'22

Among safest and strongest banks globally

 **Safest banks rankings³**

#1 in UAE & Middle East

#4 in Emerging Markets

#16 Safest Bank Worldwide⁵

 **Top 1000 banks rankings⁴**

#1
in UAE
by Tier 1 capital strength

#3
in Middle East
by Tier 1 capital strength

#94
Worldwide
by Tier 1 capital strength

#107
Worldwide
by Total Assets

All figures as on 31 March 2022

1 Among UAE banks (by total assets)

2 Ex- integration costs and gain on sale of stake in Magnati

3 Global Finance Magazine Safest Banks Rankings, September 2021

4 The Banker's 2021 Top 1000 World Banks Rankings, July 2021

5 Amongst Commercial Banks

Regional ESG Leader – FAB's external ratings

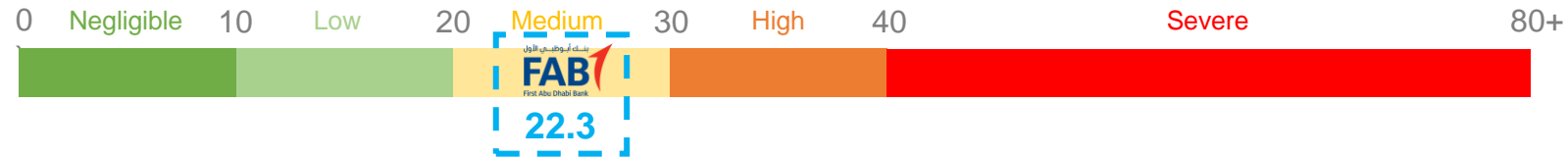
AGENCIES

BEST

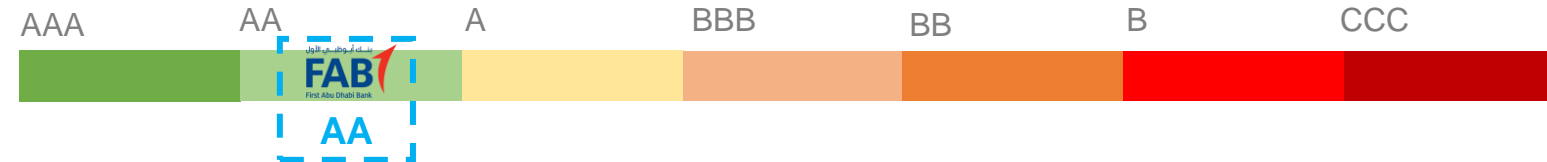
SCORE

WORST

PEER COMPARISON



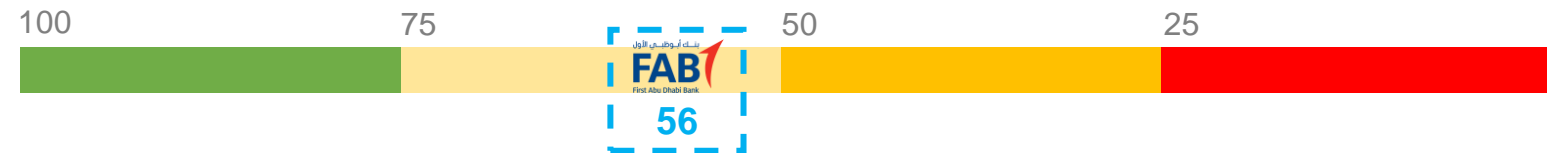
Top 30%
banks worldwide



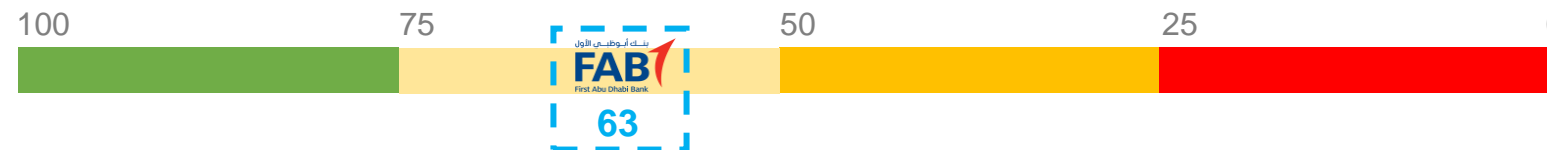
Top 30%
banks worldwide



Highest rated
bank in the
Middle East



Top 25%
banks worldwide



Highest rated
bank in the
Middle East

As the UAE's largest bank, FAB is committed to support the UAE's ambitious agenda to promote sustainable growth and development

Sustainable development is at the heart of the UAE's economic strategy

Pillars of UAE Centennial Plan 2071

Education: encourage entrepreneurship, innovation and international research

Economy: boost economic productivity by supporting national companies; reinforce the UAE's position through a focus on innovation and reducing reliance on oil

Government development: Establish the Government of the UAE as the best Government in the World

Community Cohesion: sustaining a secure, tolerant, cohesive and ethical society; promoting women's participation in all sectors

Fourth Industrial Revolution

Innovative Education: providing a smart and enhanced learning experience

Intelligent genomic medicine: developing personalized medical technologies to boost the UAE's position as a global centre for healthcare

Artificial Intelligence: Facilitating the development of AI in the UAE

Robotic Healthcare: Enhancing the application of telemedicine and introducing cutting-edge medical solutions

UAE Sustainable Finance Working Group

Chaired by ADGM, comprising of numerous federal and local UAE regulators and exchanges

UAE Energy Strategy 2050

- Increase the contribution of clean energy to the total energy mix from 25% to 50%
- Reduce carbon footprint of power generation by 70%
- Increase the consumption efficiency of individuals and corporates by 40%
- Achieve net zero carbon emissions by 2050

Green economy initiative

- Federal government policies aimed at encouraging investments in the **green economy**
- Developing **urban planning policies** that preserve the environment
- Rationalizing the use of **water, electricity & natural resources**
- Promoting the production and use of **renewable energy**
- Promoting organic agriculture, maintaining **biodiversity**, and protecting the ecological balance
- Development and promotion of **green technology**

Across GCC: KSA and Bahrain have also committed to achieve net zero carbon emissions by 2060

Leading the ESG agenda within the MENA region

Aligned with national and global frameworks

- UAE Vision 2021
- The Abu Dhabi Economic Vision 2030
- Equator Principles
- The Green Bond Principles
- GRI (Global Reporting Initiative)
- UN Global Impact
- TCFD (Task Force on Climate-Related Financial Disclosures)
- CDP (Carbon Disclosure Project)
- SASB (Sustainability Accounting Standards Board)
- UNEP FI (UN Environment Programme Financial Framework)

New ESG strategy reflects the Group's ambition to support a path towards a sustainable future, aligned with UN SDGs



Transforming our
Governance Model



Transitioning to a Low
Carbon Future



Capitalising on our
Social Responsibility



Our ESG strategy focuses on 3 pillars

We have set KPIs in each of the three pillars to work towards our ESG ambitions



Transforming our Governance Model¹

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



This pillar outlines FAB's approach to a governance model including identifying incentives linked to ESG and responsible use of data

- **Disclosures** of ESG KPIs and performance update, together with financial reporting
- **Incentives linked to ESG** with ESG criteria incorporated into FAB Group's Balance Scorecard from 2022
- **Whistleblower policies and processes**
- **Governance structures for dealing with ESG issues**
- **Responsible use of ESG data**



Transitioning to a Low Carbon Future¹

To become the model sustainable FI in MENA
To act in partnership with our stakeholders to accelerate the transition to a Net Zero society and economy



This pillar outlines FAB's approach to Net Zero transition, climate resilience and a circular economy

- **Sustainable finance of USD 75Bn** by 2030
- **Incorporation of ESG** as part of vendor sourcing, selection & evaluation processes
- **Incorporation of smart energy management systems** to improve data tracking, measurement, and energy efficiency
- **Reducing carbon intensity** for key sectors by 2030
- Majority of energy for FAB's operations to be **driven by renewable sources by 2030**



Capitalising on our Social Responsibility¹

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



This pillar outlines FAB's approach to social responsibility including diversity, women's empowerment, education and financial inclusion

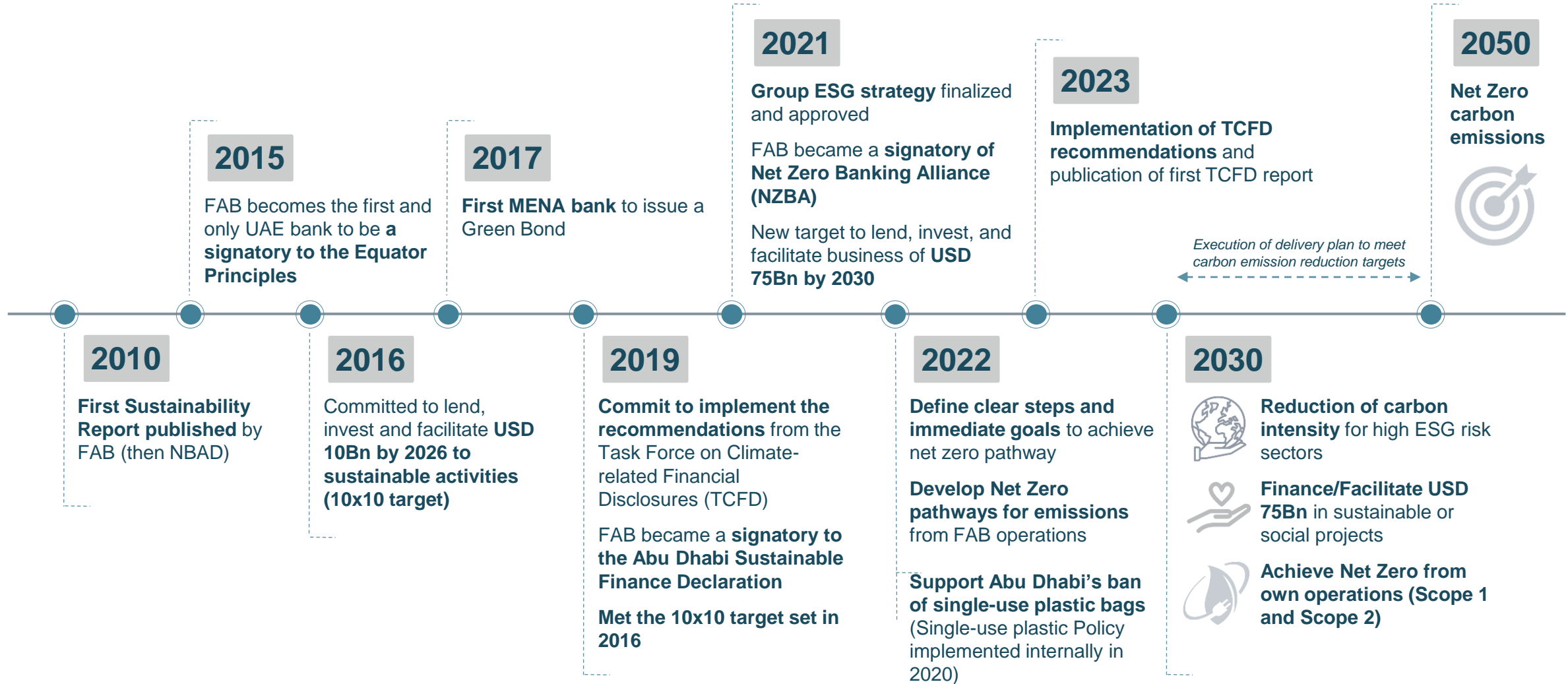
- **To be a diverse and inclusive place of work**, promoting genuine equality of opportunity for all groups at all levels of the bank
- **Women to constitute** 30% of our senior management by 2025 & 40% by 2030
- **50% of staff will be UAE nationals** by 2025
- **Strategic focus on financial inclusion** including key markets such as Egypt
- **Continue social responsibility efforts** by committing towards donations & sponsorships

1. This is a summarised list. For a comprehensive update, please refer to our latest Corporate ESG Report 2021



We are committed to become a net zero bank by 2050

Our timeline to Net Zero



To manage high risk portfolios, we have upgraded the Bank's risk mitigation framework in-line with the Group's 2021 ESG risk appetite framework



ESG Risk Framework Components¹

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

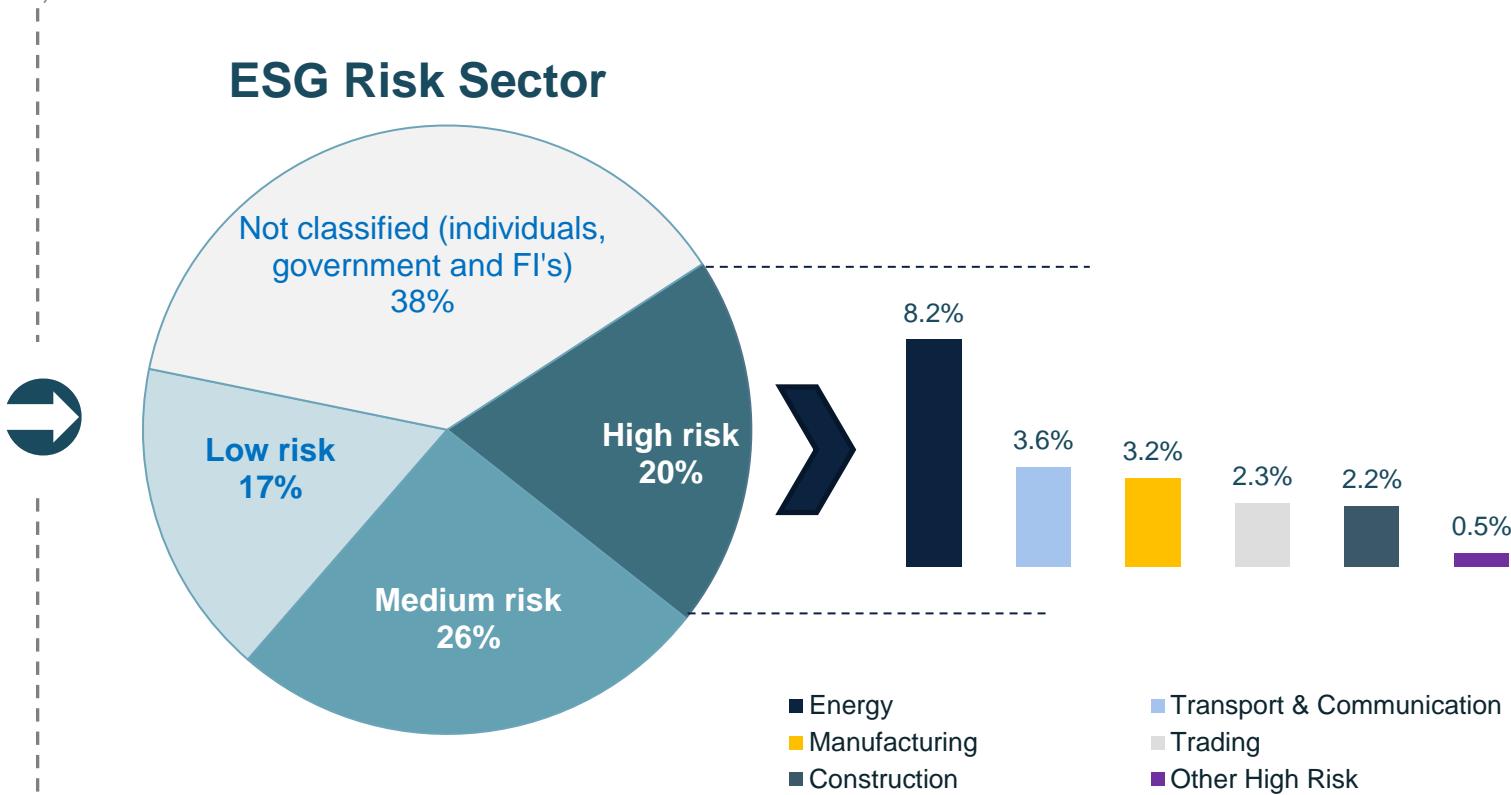


Enabler(s): Systems, tools, policy, and board & senior management sponsorship

ESG risk sectors as a % of 2021 funded loans and advances

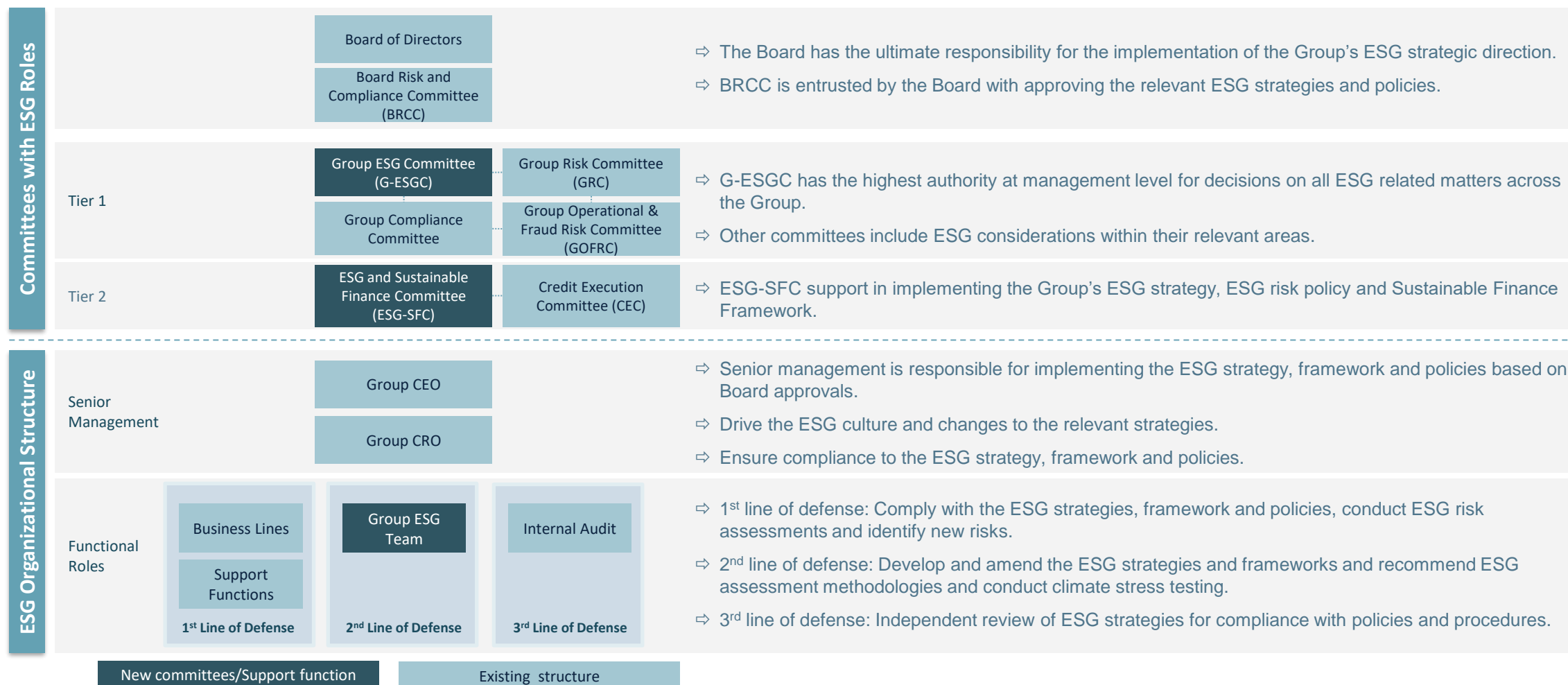
Note:

- 1) Some sub-sectors within the risk sectors, not all, are considered high risk. For a comprehensive update, please refer to our latest [Corporate ESG Report 2021](#)
- 2) ESG risk classification based on EBRD and FAB's assessment



Robust governance structure to generate long-term value

ESG responsibilities are shared across the Group all the way to the Board level. Committees have ESG responsibilities to oversee the relevant ESG strategy, policies, escalations and ESG risk mitigation measures



What's next?



2022 : BUILD

- Develop ESG-linked targets & KPI's
- Build a common understanding and awareness of ESG
- Strengthen Partnerships with Internal and External Stakeholders
- Build strategies linked to 'Social'
- Build FAB's net-zero plan, calculate Financed Emissions and set targets
- Roll out ESG risk management framework
- Develop Zero Paper Strategy
- Participate in COP27



2023 : DEVELOP

- Implementation of Social strategies
- Transformation – Review Policies, Processes, Products and Services
- Scoping out ESG Risk Management Framework
- Full Climate Stress Test implementation
- Strengthen governance practices
- Development of Learning to include role / product / sector etc.
- Focus on differentiated approach where relevant (International offices)
- Disclosures aligned with NZBA commitments and TCFD requirements
- Participate in COP28



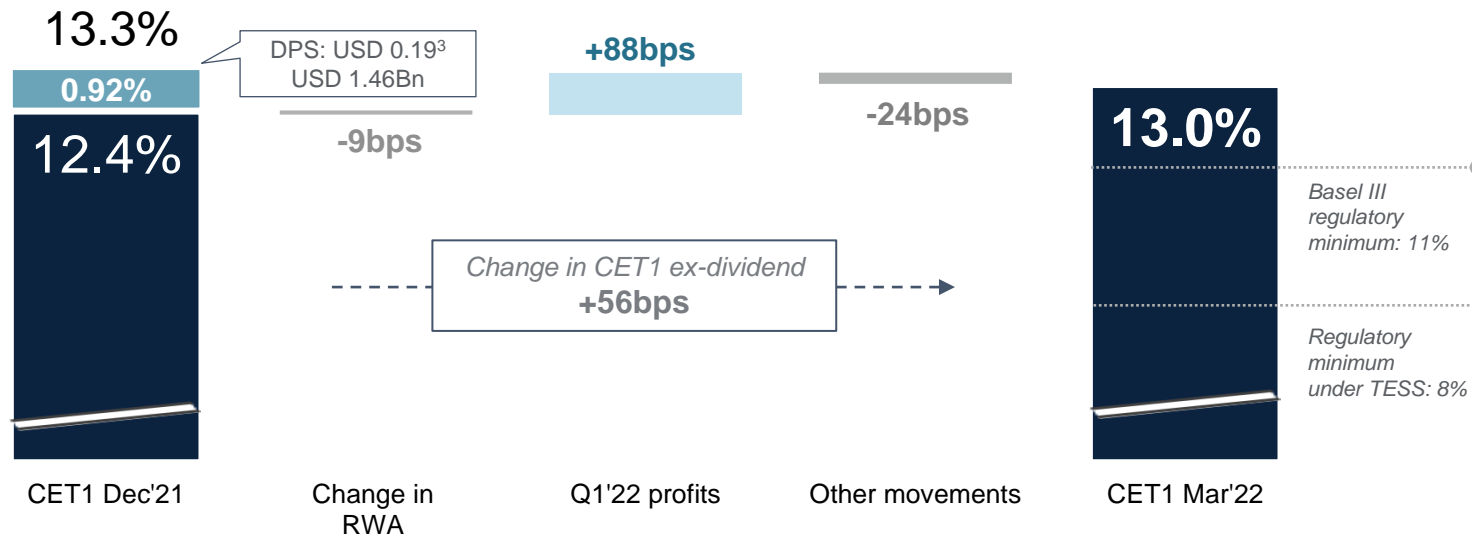
2024 : RUN

- Lead the transformation of regional organisations on ESG best practices
- Regional Champion and "Thought Leader" within ESG

Capital, Funding and Liquidity

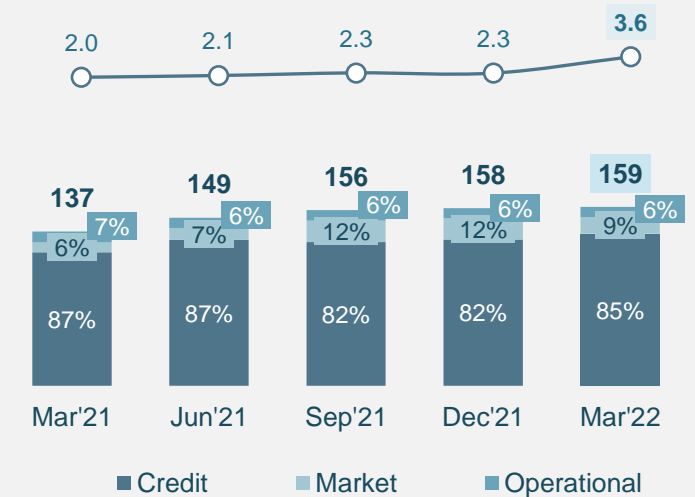
Strong capital position comfortably above regulatory requirements

CET1¹ ratio progression Q1'22



- **Capital ratios remain well above minimum regulatory requirements**; Tier 1 and CAR ratios at 14.8% and 15.9%, respectively
- **Risk discipline** maintained despite balance sheet growth, helped by continued RWA optimisation

RoRWA (%ytd) and RWAs (USD Bn)



¹ UAE CB has reduced the minimum CET1, Tier 1 and CAR requirement to 8%, 9.5% and 11.5% respectively until 30 June 2022 under TESS (previous minima of 11%, 12.5% & 14.5%, respectively)

² ECL add-back to CET1 under IFRS9 prudential filter – USD 10Mn (1bps of CET1)

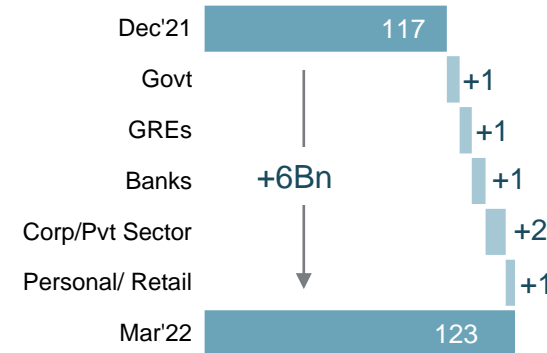
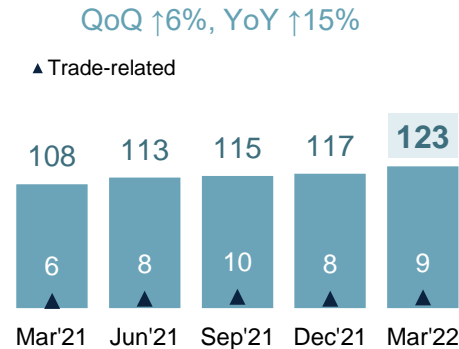
³ Dividends per share of USD 0.19 fils equivalent, split into USD 0.13 fils in cash and USD 0.06 as scrip dividend in lieu of cash

Loan growth led by other FI's, government lending, short term trade lending and IPO related financing; Strong CASA growth with CASA mix at an all-time high of 52%

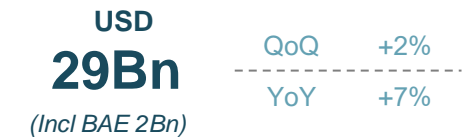
Loans and advances, gross (USD Bn)

Ytd Loan growth driven by:

- Other FI's +2Bn (+23% QoQ)
- Government +1Bn (+10% QoQ)
- Short-term trade lending +1Bn (+17% QoQ)
- IPO related financing

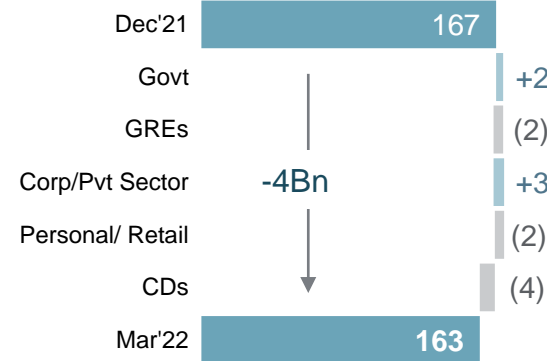
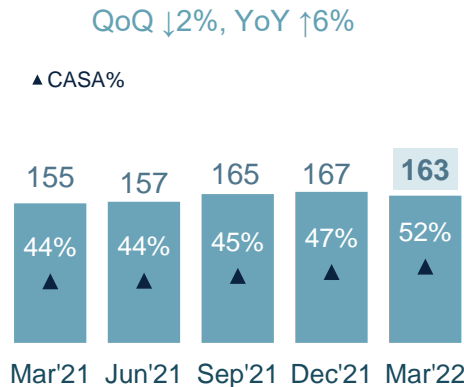


International loans (net)

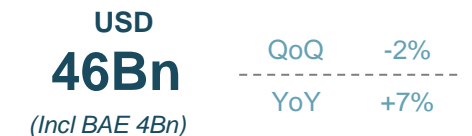


Customer Deposits (USD Bn)

- QoQ decline driven by CD's redemptions (-4Bn) and GREs (-2Bn) partially offset by a strong growth in our Corporate franchise (+3Bn) and Govt deposits (+2Bn)
- CASA +6Bn in the quarter; 52% of deposits

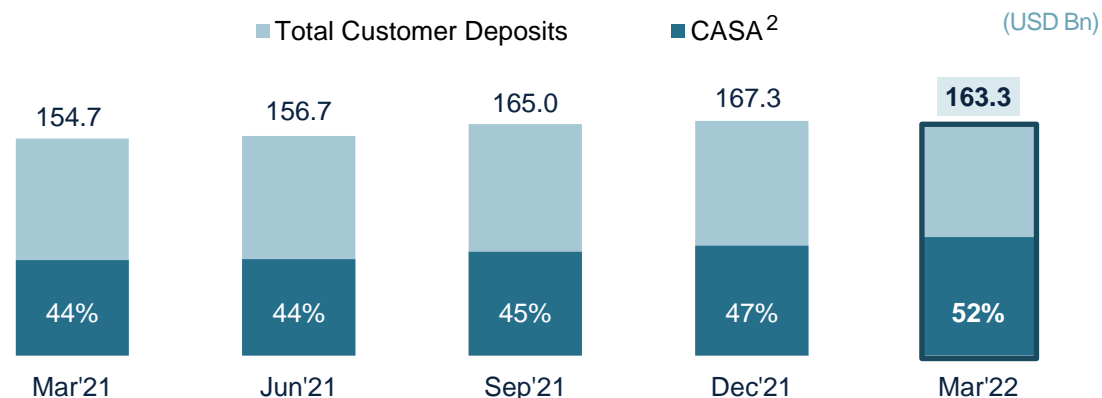


International deposits

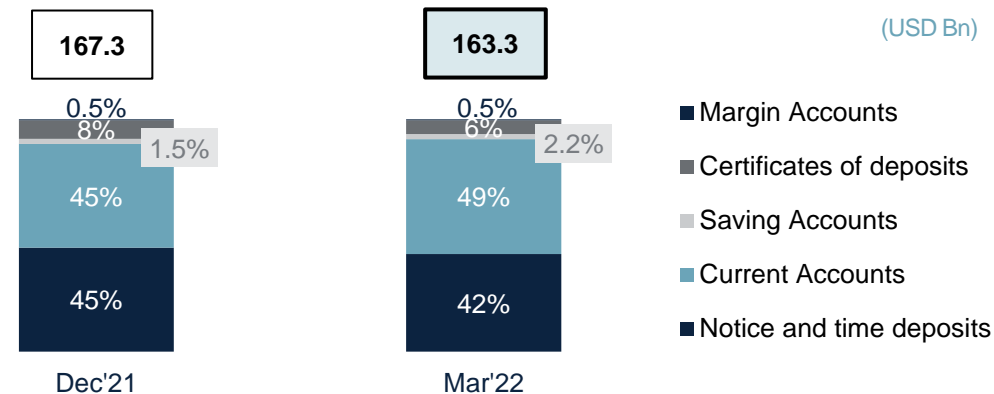


Customer deposits

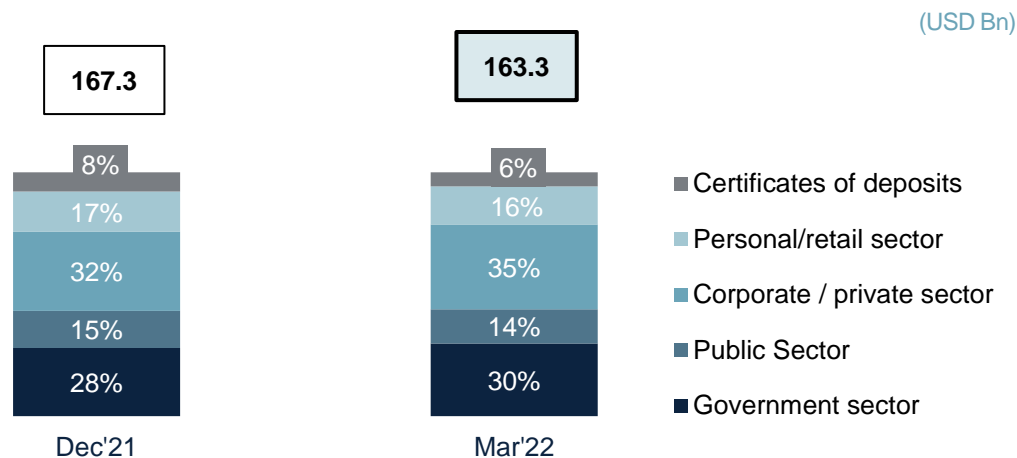
Customer Deposits



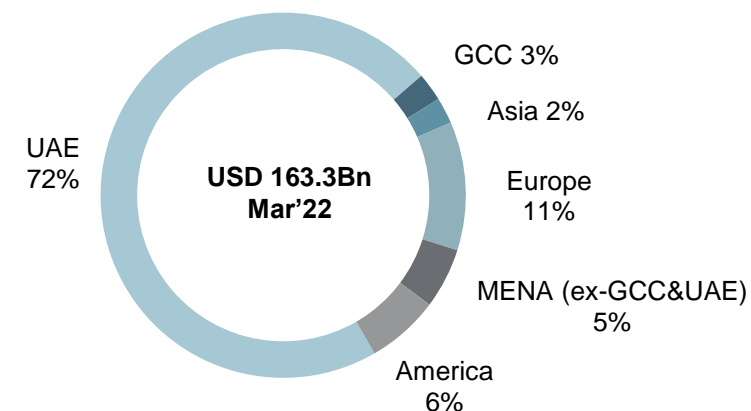
Customer deposits by account type



Customer deposits by counterparty



Customer deposits by geography¹

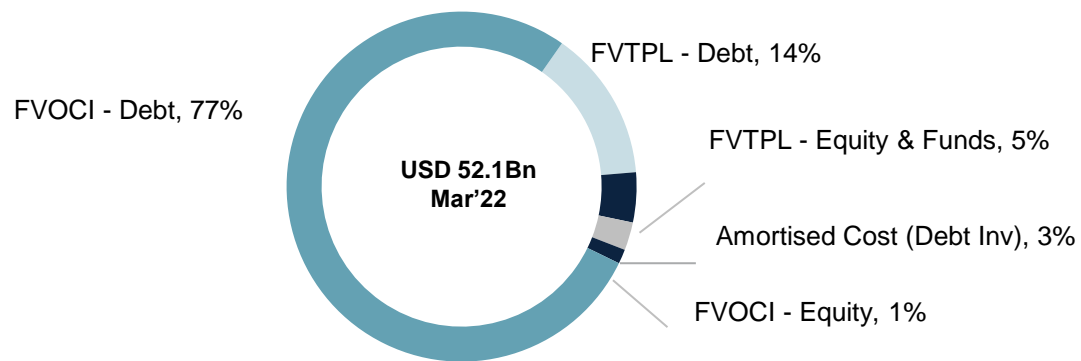


¹ Based on deposit origination / coverage

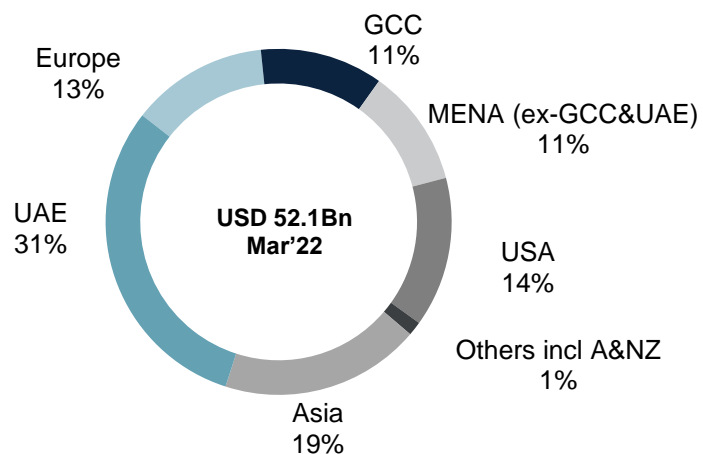
² Current, savings and call accounts; prior periods reclassified to include call accounts earlier grouped with notice and time deposits

High-quality investment book

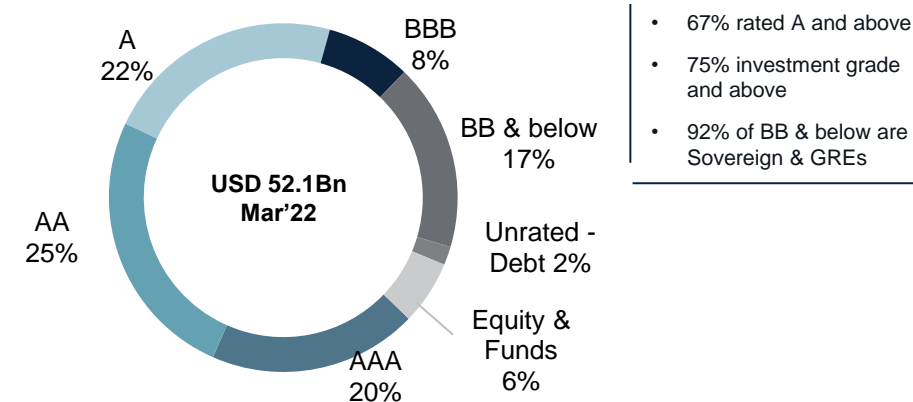
Investments by type



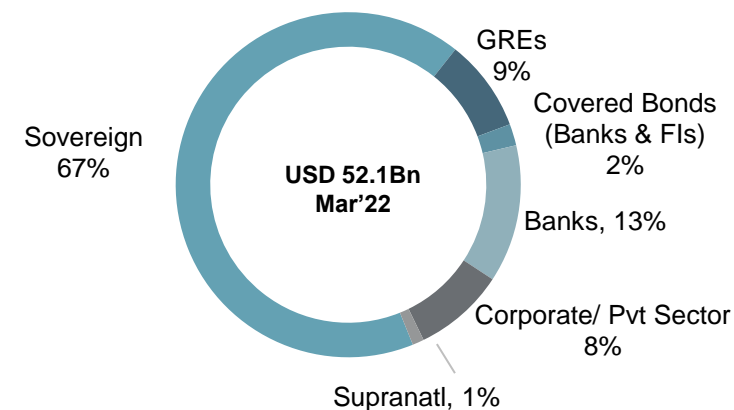
Investments by geography



Investments by ratings



Investments by counterparty



FVTPL – Fair value through profit or loss (previously HFT), Amortised cost – previously HTM, FVOCI – Fair value through other comprehensive income (previously AFS)

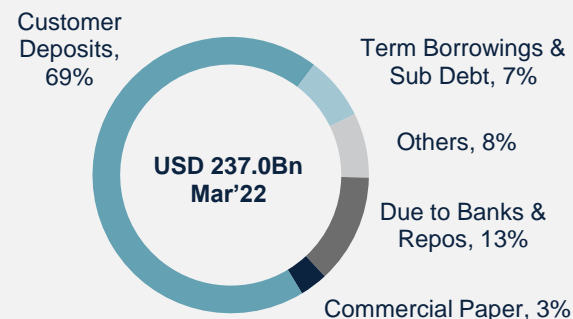
Sovereign bonds include sovereign guaranteed bonds issued by GREs, banks & FIs

Note: All totals are Gross investments before ECL

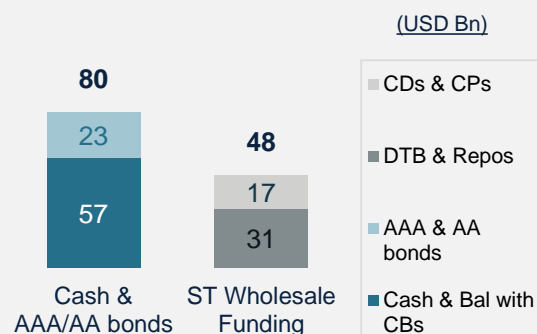
Liability mix and funding profile

Leading issuer in the MENA region – conventional, Sukuks and Green bonds

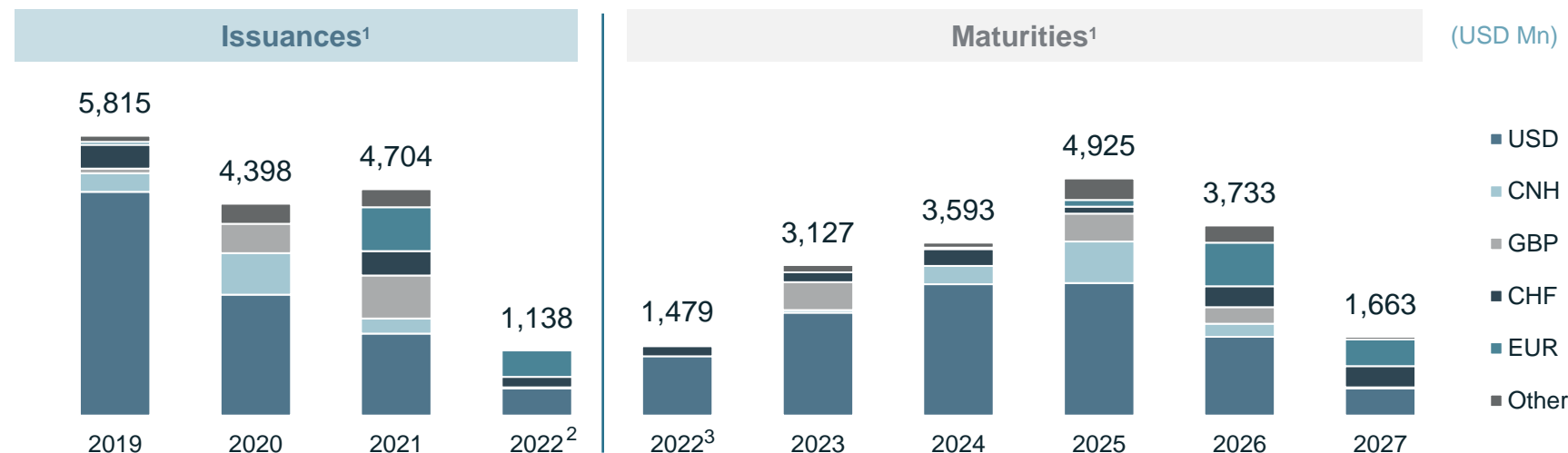
Liability mix



Cash & AAA/AA bonds vs. ST wholesale⁴



Medium-term wholesale funding



2022 Year to date highlights:

- USD 1.4Bn equivalent year-to-date of senior wholesale funding across multiple formats and different currencies
- First-ever EUR Denominated Green Bond from MENA region (EUR500Mn 5-year)
- Return to the Swiss franc market (CHF 200Mn 4-year Green Bond) where FAB remains the only bank from the MENA region to issue green bonds denominated in CHF
- Regional leader in Green Bond issuance with over USD 1.5Bn of Green Bond notional outstanding across 12 transactions and 5 currencies

¹ All figures based on historical FX with the maturity of callables bonds set at next call date

² Year-to-date as of 31 March 2022

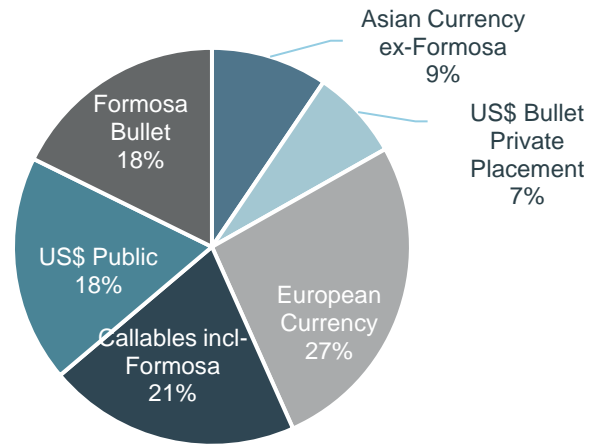
³ For the remainder period of 2022

⁴ FAB has access to place deposits with ECB & FED

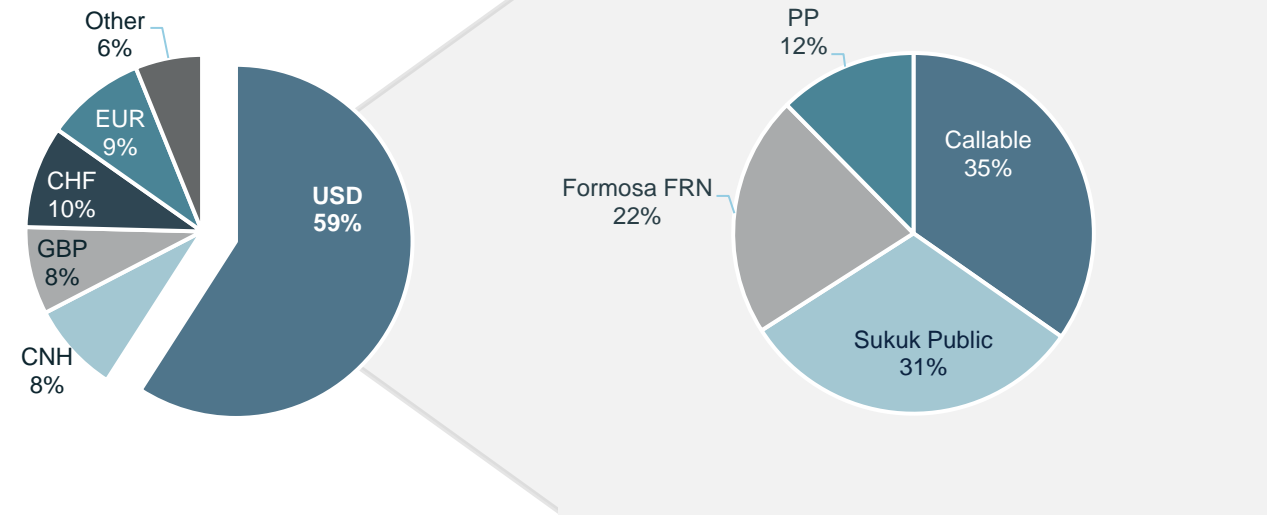
Diversified Term Funding portfolio

Frequent Issuer across multiple products, currencies and geographies

Term Funding Portfolio by Type¹



Term Funding Portfolio by Currency¹



- Diversified investor base spanning Asia, the Middle East and Europe
- Active issuer across multiple currencies with USD 1Bn equivalent or greater outstanding across both public and private placements in each of USD, CNH, GBP, CHF and EUR
- Source and maturity profile of USD denominated debt spread across multiple products

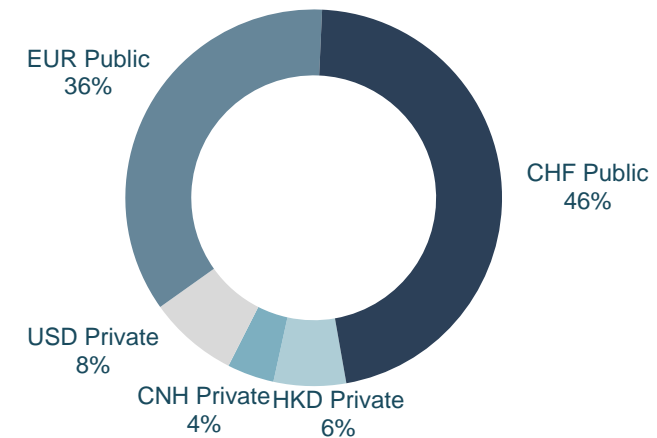
1. All figures based on historical FX

Leader in MENA Green Bond Issuance

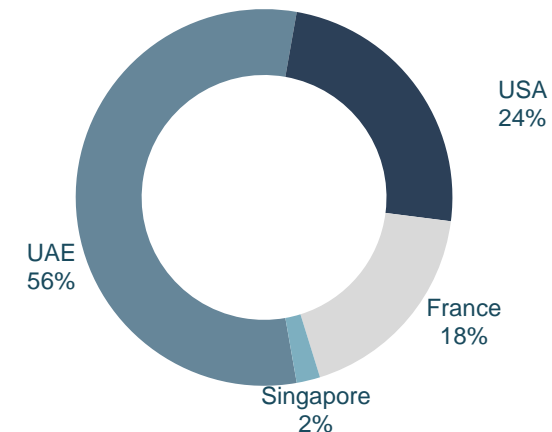
Highlights:

- In 2020 FAB's Green Bond framework was expanded to a **Sustainable Finance Framework**.
- The **framework was developed to align with market best practice requirements** reflected in the International Capital Markets Association's (ICMA); Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines
- **A Group wide sustainability strategy and roadmap covering all ESG topics** was developed in 2021 with ESG criteria to be incorporated into FAB Group's Balance Score Card from 2022.
- **FAB Green Bonds outstanding exceed USD 1.5Bn** (equivalent), across 12 issuances and 5 different currencies.
 - **CHF 260Mn** Fixed Rate Public Bond due 2027 – **largest ever CHF denominated Green Bond issued by a foreign FI**
 - **HKD 750Mn** Fixed Rate Private Placement due 2025 – **first ever HKD denominated Green Bond issued by a foreign FI**
 - **CNH 406Mn** Fixed Rate Private Placements across 3 transactions due 2025/26 – **including first CNH denominated Green Bond from a CEEMA Financial Institution or the MENA region**
 - **USD 90Mn** FRN Private Placements across 3 transactions – **including first ever Green Bond Private Placement by a MENA issuer**
 - **CHF 400Mn** Fixed Rate Public Bonds across 2 transactions due 2026
 - **USD 30Mn** Fixed Rate Private Placement due 2026
 - **EUR 500Mn** Fixed Rate Public Bond due 2027 – **first ever EUR denominated Green Bond from MENA region**

FAB Green Bonds Outstanding



FAB Green Bonds Asset Geography



Note: FAB's annual Green Bond/Sustainable Finance reports can be accessed on our website: <https://www.bankfab.com/en-ae/about-fab/sustainability/reports>

Appendix

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

1st in GCC 

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

50% 

of the Khalifa Fund Portfolio¹ is managed by FAB and we plan to **grow the portfolio by 8-10%** on an annual basis

75Bn 

We **set a target to lend, invest and facilitate business of USD 75Bn by 2030** to activities focused on environmental and socially responsible solutions

1.2Bn 

FAB acted as Joint ESG Structuring Bank, Joint ESG Coordinator, Joint Bookrunner, and Mandated Lead Arranger to Etihad Airways, **for the first sustainability linked loan (USD 1.2Bn) in global aviation tied to ESG targets**

762k 

new **Ratibi prepaid payroll cards** were issued in 2021, an increase of 13% vs 2020

This is a summarised list. For a comprehensive update, please refer to our latest Corporate ESG Report 2021

¹ Government of Abu Dhabi's programme for SMEs

THANK YOU!

For more information, please visit
www.bankfab.com or contact FAB Investor Relations team at ir@bankfab.com

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